Daily Report

Latin America

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Cuba

Castro Remarks Show Will 'To Normalize' U.S. Relations

PA1105022295 Havana Radio Havana Cuba in Spanish 0000 GMT 11 May 95

["Station commentary" from the "Evening Information Review" newscast — read by Norberto Hernandez]

[FBIS Translated Text] During a reception at the Bolivian Embassy in Havana, President Fidel Castro was asked about the recent signing of a complementary agreement between Cuba and the United States regarding migration issues, which created a great stir among ultrarightist circles of Cuban immigrants in the state of Florida.

The Cuban president stressed that this agreement, which normalizes migratory relations between the two countries after more than three decades of irregularities and confrontation, was possible because of Cuba's understanding and cooperation on this thorny issue. Cuba, he added, demonstrated flexibility in dealing with a problem that was created against its will.

This statement by President Fidel Castro again reflected Cuba's will to normalize relations [se puso de manifiesto una vez mas la voluntad cubana de normalizar sus relaciones] with the powerful neighbor to the north — relations that have always been complex and difficult because of U.S. hostility against Cuba since the beginning of the emancipation process launched by the island in 1959 when the national liberating revolution assumed power.

Fidel Castro commented on the problem created by the government of President Clinton when it sent to Guantanamo Naval Base more than 25,000 illegal Cuban migrants, also known as rafters, noting that this led to desperation and, in turn, encouraged disturbances in those installations. The migration agreements were jeopardized when the United States welcomed in its territory several people confined there, despite having previously said they would not be welcomed, because this action encouraged a possible resumption of an exodus of rafters to U.S. territory in light of this selective openness.

There already had been attempts at illegal departures encouraged by the idea that, if people with physical handicaps or those carrying children were being welcomed, the only thing missing was to include such people in risky journeys to the north. In fact, the decision to allow such exceptions seriously jeopardized the stability engendered by the bilateral agreement. This situation was only successfully overcome with the understanding and cooperation of the Cuban Government, President Fidel Castro said.

Another problem that was eliminated was the hijacking of vessels and other acts of violence that produced the loss of human lives, as happened in Havana Bay in August 1994. If the two governments commit themselves to cooperating to eliminate this possibility, it will be very unlikely that someone will try such risky adventures in the future.

These statements by President Fidel Castro confirmed Cuba's will to normalize bilateral relations with the United States, as long as — as is indeed the case with the recently adopted migratory agreements — the indispensable conditions of mutual respect and a positive, intelligent, and honest spirit prevail when discussing the differences that separate the two governments.

The paths of understanding and solution will only be closed if there are attempts to continue disregarding the dignity and sovereign rights of Cuba and to impose criteria that run counter the history of struggles for national independence and human progress that the Cuban people have been writing with great sacrifices.

Naval Commander: Helms Bill Expression of Right Wing

PA1005190795 Havana PRENSA LATINA in Spanish 2107 GMT 9 May 95

[FBIS Translated Text] Havana, 9 May (PL) — A high-ranking military commander today denounced here that the Jesse Helms draft is an expression of the reappearance of right-wing ideologies in the world, 50 years after the defeat of fascism.

During a ceremony marking this anniversary, Rear Admiral Pedro Perez Betancourt, chief of the Cuban Revolutionary Navy, said that the draft legislation can only be labeled fascist. The U.S. Congress plans to discuss the bill, which is designed to force the Cubans to surrender out of hunger and impose the will of a few over that of the international community, in the near future.

Perez Betancourt warned that he who promotes injustice and crime is not immune to the consequences of his irresponsible conduct and will become the victim of the hatred and violence he engenders.

He encouraged the realist citizens and authorities of the United States to learn from history's events. He cited as one of these the recent bomb attack in Oklahoma City.

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He recalled that the island's Army repelled the mercenary invasion at Playa Giron, which was sponsored by Washington, on the country's southern coast more than 15 years after the victory over fascism.

The military commander underscored that several generations of fighting against what the reactionary forces are capable of give us an idea of what it would be like in a world under fascist domination.

Perez Betancourt recalled that the collapse of the Soviet Union, which had a key role in the defeat of Nazi fascism, and the disappearance of the Socialist Bloc elicited euphoric demonstrations from the world's reactionary sectors.

Today's ceremony, during which a wreath was placed on the Tomb of the Soviet Internationalist Soldier, was presided over by General Ulises Rosales del Toro, chief of the General Staff, and Ambassadors Arnold Kalinin of Russia and Aleksandr Taranenko of Ukraine.

GRANMA Compares Senator Helms to Hitler, McCarthy

PA1005193895 Havana Radio Havana Cuba in Spanish 0000 GMT 10 May 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] GRANMA publishes a profile today of U.S. Senator Jesse Helms, sponsor of an anti-Cuban bill, comparing him to infamous historical personalities such as Adolf Hitler and U.S. Senator Joseph McCarthy. Nothing defines Helms better — the newspaper says — than the opinion of Ricardo Alarcon, president of the National Assembly of the People's Government, who said the anti- Cuban bill is the plan of a madman.

GRANMA notes the indissoluble ties between Helms and his home state of North Carolina, considered home of the most reactionary and hard-line people in the United States. It pointed out that Helms adopts the most extreme stances in the Senate: voting against civil rights, the national AIDS program, and the Panama Canal Treaties.

GRANMA stressed that now Helms — who has established ties with the scum of Latin America — is spearheading a bill that is the product of Florida's Cuban-born annexationist mafia, who want to subjugate the people of Cuba by tightening the blockade.

Alarcon Discusses Modifications to Helms-Burton Bill

FL1105021195 Havana Radio Rebelde Network in Spanish 2300 GMT 10 May 95

[From the "Exclusive" program]

[FBIS Translated Text] This afternoon in Havana, the International Press Center hosted a scientific seminar and legal analysis of the Helms-Burton bill. Three renowned judicial experts gave talks on issues as important as the economic and financial blockade of Cuba, the problem of nationalization, as well as the so-called self-determination of the Cuban people. Following the conferences, a debate ensued, with the participation of Ricardo Alarcon de Quesada, president of the National Assembly of the People's Government, who addressed the new modification introduced to the bill.

[Begin Alarcon recording] There is a new section — No. 102. The law has a preamble, which is followed by a section listing the goals of the law. Originally, the next section was on measures to restrengthen the blockade. Now, in between the goals and the measures to restrengthen the blockade, we find this new section, no. 102, which deals with support of democratic and human rights groups in Cuba. [end recording]

This is one of the issues, like the travel restrictions of 20 August, a subject of concern and modification by Helms and Burton.

[Begin Alarcon recording] Legally speaking, the president could lift those restrictions at any time through a presidential decree. In order to make things worse, among the new elements of this new version of the bill, one finds inclusion of the 20 August measures, so that remittances and travel between Cuban and the United States would be absolutely banned until defeat of the Revolution occurred. In other words, it would be one of the measures contemplated during a post-revolutionary period. The legal outcome is obvious. The president cannot approve travel or remittances if this law is approved until Congress believes certain conditions have been met. This is another example of the usurpation of presidential power, which is quite glaring in this bill. This is a specific example of that. [end recording]

Ross Leal, Davalos Recall Fascism, Condemn Helms Bill

FL1005143695 Havana Radio Rebelde Network in Spanish 0900 GMT 10 May 95

[From the "Doing Radio" program]

[FBIS Translated Text] During a Cuban Workers Federation [CTC] ceremony marking the 50th anniversary of

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the defeat of fascism, Pedro Ross Leal emphasized the antifascism position the Cuban working class has held since the 1920's. Ross Leal cited Cuban worker demonstrations against the presence of a delegation from Mussolini's Italy in Cuba in 1924, their participation in the defense of the Spanish Republic, and the campaigns resulting in donations of 40,000 sacks of sugar and 1 million sacks of tobacco to the Soviet Union.

Culture Minister Armando Hart Davalos also gave a speech in which he pointed out that, because of its fascist nature, the Helms-Burton bill is directed not only at Cuba, but at all of humanity. Former CTC Secretary General Lazaro Pena was one of the main leaders of the antifascist national front created in Cuba during WW II. In honor of the 50th anniversary of the victory over fascism, the Cuban union movement will develop an extensive program of activities nationwide including conferences, talks, and meetings to recall the horrendous crimes of fascism and condemn the Helms-Burton bill.

Vice President Defines Rationalization of Labor Force

PA1005190695 Havana PRENSA LATINA in Spanish 1534 GMT 9 May 95

[FBIS Translated Text] Havana, 9 May (PL) — Cuban Vice President Carlos Lage has defined the rationalization of the labor force now under way in the country as "an effort to create job opportunities, relocate workers, and provide better human and political treatment to them."

In outlining the differences between Cuba and the downsizing occurring in other countries, Lage emphasized "that something has to distinguish socialist from capitalist rationalization, where excess workers are put out on the streets and that's that (...)."

Our rationalization process has to be gradual. The company will not ignore its effects and the fates of excess workers, Lage, also executive secretary of the Council of Ministers, said after a government inspection of the Construction Materials Industry Ministry (MIMC).

Lage called on workers to fight to make "state companies more productive and increasingly efficient," GRANMA reported today.

We have to achieve this in all sectors with the participation of foreign investors so that state companies can be as efficient or more efficient than mixed enterprises, he said.

As for the importance of meeting the budget and financial balance required by the country, Lage said this is not the final objective. The objective, he said, lies "in increasing production and meeting the people's demands."

He pointed out that the national goal "has to be optimum use of production capabilities we once had and to increase these same capabilities."

He described as very positive the fact that indicators are favorable, but he said this is still not enough to be able to label as satisfactory the work done by a company in the present economic situation.

On that premise, Lage criticized the MIMC report that said that the construction materials industry "was undergoing a genuine process of recovery."

Lage said: "We are far from that goal, if we bear in mind that in 1994 we were barely able to achieve 27 percent of 1989 production" and that for this year we expect to grow from 202 million pesos to 222 million pesos (equal to U.S. dollars at the official rate of exchange).

The MIMC is the first central government entity to undergo a government inspection, as scheduled in a wide-ranging government plan.

Russian Minister Notes Advantages of Sugar-Oil Contract

FL1005203995 Havana Tele Rebelde Network in Spanish 1630 GMT 10 May 95

[From the "NTV" newscast]

[FBIS Translated Text] Oleg Davydov, Russian minister of foreign economic relations, today affirmed that Cuban sugar imports will eliminate the deficit and speculation over this valuable commodity on the Russian market. Davydov reminded the press in Moscow about the recently signed trade agreement with Cuba, which stipulates that 1 million tonnes of sugar will be exchanged for 3 million tonnes of oil. Davydov stated that the reestablishment of this exchange will assure the supply of sugar to Russia through 1996, adding that negotiations will soon begin on a three-year agreement with Cuba, aimed at stabilizing bilateral trade. Davydov emphasized that resecuring public confidence in a sufficient, stable sugar supply is a significant factor in the new agreement. With respect to this issue, he pointed out that the Russian Government counted on the management of local firms, joint ventures, and foreign enterprises in 1994, but that this resulted in greater speculation on sugar, thereby increasing brokers' profits while reducing the people's standard of living. Davydov and Cuban Foreign Trade Minister Ricardo Cabrisas signed a sugar-for-oil trade agreement in Moscow on 4 May, to remain in place until the first trimester of 1996. Davydov said that the agreement will also allow 100,000 workers to continue working in the Russian sugar refineries.

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Hotel Employee-Embezzlers Receive Fines, Jail Sentences

FL1005153895 Havana Radio Rebelde Network in Spanish 0900 GMT 10 May 95

[From the "Doing Radio" program]

[FBIS Translated Text] The Matanzas provincial court has imposed fines and jail sentences, ranging from seven months to 10 years, on seven former (Calimao) Hotel employees for the crimes of embezzlement, misappropriation of funds, and for not fulfilling their duties, which were to preserve state resources.

The judges considered a proven fact that the individuals took approximately 700,000 pesos and nearly 30 tonnes of meat, shortages which were detected during an audit that took place to verify 11 months of the establishment's operations. Fundamentally, the individuals' operations took place through the establishment's cash register. Once they had discovered a way to override its program, they would keep part of the money collected for the sale of food in the restaurant.

After listening to numerous witnesses and experts and bearing in mind the crime's characteristics, the prosecutors decided to modify their initial conclusions and changed the charge of misappropriation for that of embezzlement.

While reading the sentences, Judge Julio Gonzalez emphasized the corruption and the lack of social and labor discipline which affected the (Calimao) Hotel. The judge added that those who appeared before him were not the only people responsible for the crime.

Considering court law [ley de tribunales], Article Six, the judges decided to instruct the state attorney's office to investigate other hotel employees for presumed violations of administrative discipline.

Haiti

Aristide Warns of 'Deep Changes' in Government

PA1005215995 Port-au-Prince Radio Metropole in French 1600 GMT 10 May 95

[From "The Midday Newscast" — recorded passages in Creole]

[FBIS Translated Text] A symposium for departmental delegates and vice delegates was inaugurated on 9 May at the National Palace by President Aristide, who warned that some deep changes will be made in the governmental machine. The president clearly pointed out his dissatisfaction over how the state apparatus is operating. He also said the symposium is a step toward decentralization, asserting that harmony between the delegates, the ministries, and the National Palace is necessary to meet the demands of the people.

[Begin Aristide recording, in progress] ...of the goals of the symposium is to ensure that vital appointments and dismissals are conducted in accordance with the law through dialogue and with respect for one for another. If not, the machine will not improve. People will continue to complain and say the state does not exist. People will continue saying that nothing has changed from one group to the next.

I am the head of state. I want this to happen, and, from now on, I will keep watch, because, if it is not done, I will become a true mechanic who changes the parts of the car, thereby ensuring that I am not simply the person who is driving the car. A word to the wise is enough. [end recording]

In his speech to the departmental delegates and vice delegates at this symposium at the National Palace, President Aristide advocated the efficient running of the state apparatus. He noted that the current government has no use for leaders who are too soft.

[Begin Aristide recording] A leader who cannot control state services cannot work as part of the team. A leader who is too soft cannot put state services in order. On the other hand, a leader who is like an iron-fisted dictator cannot put state services in order either.

The Haitian people have rejected an iron-fisted dictatorship, but they did not choose leaders who are too soft. Against the wishes of the people, criminals are running amok, threats to security prevail day and night, and there are no leaders encouraging everyone to work together to oversee state services and to restrain the criminals. [end recording]

COH Leader Reports Dissension Within FNCD

PA1005232395 Port-au-Prince Signal FM Radio in French 1030 GMT 10 May 95

[From "The Waking Up Newscast"]

[FBIS Translated Text] There is dissension within the National Front for Change and Democracy [FNCD]. Turneb Delpe's National Progressive Democratic Party of Haiti [PNDPH] is in direct conflict with some organizations in the front, according to Idly Cameau, one of the leaders of the Committee of Haitian Workers [COH].

The FNCD groups 11 organizations and political parties. At least two of them are demanding that some PNDPH leaders remain on the sidelines. There is a running battle going on within FNCD, and it could culminate in the departure of the 17 September People's Organization

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[OP-17] and the Open the Gate Committee [as heard], according to leaders of these two political organizations. OP-17 and COH have rejected any possibility of moving closer to the Lavalas grouping. Meanwhile, however, former Deputy Pierre-Canel Rindal has denied reports that say FNCD political organizations are in disagreement.

St. Lucia

Unions Report 88% Response to National Strike

FL1005220395 Bridgetown CANA in English 1953 GMT 10 May 95

[FBIS Transcribed Text] Castries, St. Lucia, May 10, CANA — St. Lucia's major trade unions, grouped under the Industrial Solidarity Pact (ISP), Wednesday reported an optimistic 80-percent success in the response to calls for a national strike. Reports are that the strike has severely hampered Government services, the seaports, some schools, and several commercial outlets in the capital and south of the island. However, with the Chamber of Commerce not participating in the strike, the commercial sector operated normally and the several hundred visiting cruise ship passengers remained unhindered by the protest action.

Seven of the island's largest trade unions forming the ISP have taken strike action to protest a list of outstanding grievances with government, including wage impasse, government's refusal to repeal an amendment to the Criminal Code, and allegations of corruption in government.

Chairman of the ISP, George Goddard, told CANA that both seaports in Castries and Vieux Fort in the south were closed. However, the airports have been kept operational by managerial staff. He said that the majority of schools in the Castries area were affected by the strike, while operations at the island's main Victoria Hospital were hampered by the absense of clerical workers. Goddard said there was confusion among minibus drivers as a lack of sufficient mobilisation resulted in the majority operating as normal. He said that the strike would continue Thursday with a day-long vigil at government buildings on the Castries waterfront. The ISP official said there had been no further communications with government, adding that judging from the mood of workers, there was hardly likely to be a reconciliation at this time.

"The whole impasse has gone far beyond the bargaining table, as there are issues not only of an industrial relations nature, but of a moral, political, and economic nature," he said. He reiterated that the ISP has already called on government to resign, and it was not prepared to accept a hurriedly put-together commission of inquiry handpicked by Cabinet.

"Frankly speaking, it is almost impossible to see how meeting with the present cabinet can resolve anything," Goddard said.

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Congress Commission: U.S. Moves Ignore Migration Mechanism

PA1105043395 Mexico City EL FINANCIERO in Spanish 10 May 95 p 48

[Report by Salvador Rico and Victor Chavez]

[FBIS Translated Text] The Permanent Commission of Congress yesterday voiced "great surprise" over the measures announced by U.S. President Willian Clinton against immigrants who illegally enter the United States.

The legislative branch said these actions "do not respect the prior consultation mechanism agreed upon by the Mexican and U.S. Governments." Furthermore, the parliamentary document noted, measures such as the ones announced by the U.S. President "do not contribute whatsoever to resolving the migration problem." On the contrary, the Permanent Commission said, "they strengthen an atmosphere of aggression toward migrants and could result in the violation of human and labor rights of millions of Mexican workers and their families, regardless of their migration status."

The document, signed by legislators from the four parliamentary factions — the PRI [Institutional Revolutionary Party], PAN [National Action Party], PRD [Party of the Democratic Revolution], and PT [Labor Party] — and approved by the plenum in yesterday's session, included an appeal to both the Mexican and U.S. Governments, urging them to quickly find joint mechanisms to counter the migration problem.

It also proposed that the 34th Mexican-U.S. Interparliamentary Meeting — a session scheduled to begin on Friday, 12 May, and conclude on Monday, 15 May, in Tucson, Arizona — issue a joint communique "advocating the search for economic, political, and social solutions to the problem of illegal Mexican migrants."

The document was presented by Hector Sanchez Lopez, coordinator of the PRD legislative bloc, at a plenary session of the Permanent Commission, which met in Lower Chamber Headquarters at No. 9 Xicotecantl. The document opens by mentioning the U.S. President's announcements on 3 and 6 May. The final document says the series of measures announced by William Clinton include "an increase in the number of border guards, increased deportations, the expeditious processing of delayed repatriations, the deportation of migrants to areas far from the border, and increased workplace inspections," among other things.

PRI legislators Gustavo Carvajal Moreno, Jose Murat Casab, and Natividad Gonzalez Paras; PAN legislator Juan de Dios Castro Lozano; PRD legislators Mara Robles Villasenor and Francisco Curi; and PT legislator Joaquin Vela signed the document, which states the following:

"Sponsoring a political atmosphere to oppose migrants in the United States will not necessarily lessen the flow of migrants or resolve problems erroneously attributed to migrants. Instead, it creates new economic, political, and social problems, and it affects the good relations between Mexico and the United States."

El Barzon Actions in Several States

95CA0221A Mexico City LA JORNADA in Spanish 28 Apr 95 p 24

[Article by correspondents Matilde Perez and Carlos Camacho, Jesus Resendiz, Alberto Espinosa, and Angel Amador]

[FBIS Translated Text] For five hours yesterday members of El Barzon occupied 17 branches of Bancomer [Bank of Commerce] in 15 municipalities of Hidalgo and Puebla, and of the Banrural [National Rural Credit Bank] in Queretaro, demanding that the property seizures be stopped, and that their past due loan portfolios be restructured.

In Mexico City, the National Union of Farmers, Merchants, Manufacturers, and Service Providers, the official name of El Barzon, signed an agreement with the National Confederation of Small and Very Small Manufacturers to work together to promote a "popular banking system."

With the slogan of "United to Serve," the members of El Barzon and representatives of the 28,000 members of this confederation pledged to "promote the actions necessary to liberate Mexican businessmen from bankers, usurious lenders, and brokerage firms."

Starting at 0800 on this Thursday, hundreds of El Barzon members occupied the three branches of Bancomer in Pachuca, the branches in Tula, Huejutla, Tizayuca, Ixmiquilpan, Tulancingo, Apan, Sahagun City, Tepeji del Rio, Mixquiahuala, and Progreso, as well as branches in Xicotepec de Juarez, Zacatlan, Huachinango, and Villa Juarez in Puebla.

Led by Hector Hernandez Flores, the occupation was halted at 1300, after the demonstrators had a contentious meeting with Governor Jesus Murillo Karam, who agreed that interest rates are very high, but said that occupying bank facilities is not the way to solve those problems.

Hernandez Flores stated that these actions were conducted because of the Bancomer director's refusal to accept a document urging him to halt the seizures of property belonging to El Barzon members.

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The leader of the 3,800 El Barzon members in this city, whose combined debt is 140 million new pesos, said they have hired 200 attorneys who are not from Hidalgo to defend their members, "for the attorneys here work hand in glove with the banks and judges." In the morning, about 50 El Barzon members from the Santiago valley in Guanajuato occupied Banrural's regional branch in the city of Queretaro, demanding that past due loan portfolios be renegotiated.

The agriculture and livestock producers argue that they have paid an alleged total debt of at least 80,000 new pesos which the bank now wants to charge them. Bank officials said they are willing to review the case.

Call for Popular Banking System

The president of the National Confederation of Small and Very Small Manufacturers, Manuel Villagomez Rodriguez, said their cooperation with EL Barzon will focus on demanding that Mexico abandon the Paris Agreement and insisting that the government "negotiate a moratorium on the foreign debt payment before Mexico disintegrates economically, politically, and socially."

Meeting in the Journalists Club where they signed an agreement calling for a popular banking system, both parties pledged to combine their efforts to get the authorities to eliminate dues payments to the Chambers of Industry and Commerce and their member organizations. The payment "is unconstitutional, as it violates Article Nine of the Constitution; we have joined together to fight for free membership," they said.

Alfonso Ramirez Cuellar, a member of El Barzon's national coordinating board, called upon all society to fight together, using legal and peaceful means, to "put an end to Monetary Fund dictatorships."

Debt Restructuring in Queretaro Agreed

Representatives of the productive and commercial and development banking sectors of Queretaro have signed a six-month agreement to cooperate in restructuring past due loan portfolios and handling payment problems.

Through this agreement, the banks agree to cancel the moratorium surcharge interest that would have been charged until 28 February of this year, not to initiate judicial collection actions, to reduce the cost of property appraisals for restructuring loans, and to make administrative procedures more flexible in order to respond rapidly to loan restructuring requests.

In its 12 clauses, the agreement proposes a new plan for loan payments, with the possibility of temporarily adjusting principal payments, accepting partial interest payments with the balance applied to the loan principal, and eliminating commission fees.

The document states that negotiations will always be conducted on a case by case basis, and in an allusion to El Barzon, warns that negotiations with anyone identified with that group, which is pressuring the banks to engage in joint negotiations, will be suspended.

Penalty for Usury Sought in Durango

About 100 El Barzon members in Durango have asked Governor Maximiliano Silerio Esparza to punish people who engage in usury, to provide incentives for bean growers, and to handle land ownership issues immediately.

They are also seeking an urgent release, without middlemen, of Procampo [Program for Direct Support to the Countryside] resources, a 50 percent subsidy of the Federal Electricity Commission's Rate 9, and a six-month truce on mercantile judgments on the part of banks.

El Barzon members blocked the main access to the Government Palace, and in the central courtyard they called for the governor's presence so they could present their petition to him. Their demands include a 15-year restructuring plan with a five-year moratorium for past due loan portfolios, and the immediate return of property seized through mercantile judgments.

Talks Broken Off in Zacatecas

El Barzon's general adviser in Zacatecas, Manuel Ortega Gonzalez, believes that negotiations between the governor and the debtors, who have been demonstrating in front of the Government Palace for ten days, "are virtually broken off." In this case, the authorities allege that the majority of the 13 demands are federal matters.

He added that El Barzon of Zacatecas has submitted to the local congress 6,200 signatures opposing the 50 percent VAT [Value Added Tax] increase, in order to "encourage" the local deputies to exercise true federalism and join in the fight to prevent this "criminal" tax from being levied in the state.

Political Opening Tied to Free Market

95CA0221B Mexico City REFORMA in Spanish 26 Apr 95 p 8A

[Commentary by Santiago Creel, citizen counselor of the Federal Electoral Institute's General Council: "Economic and Political Orthodoxy"]

[FBIS Translated Text] Many highly varied parallels can be drawn in economic and political matters. One which I find opportune to mention now is what may

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happen when political activity and economic activity take place in a context of freedom. This statement is timely since the present economic model which the government has proposed has a free market as the essential basis for national economic development. The current economic policy can only be explained through the free market, free enterprise, and in general, economic liberalization. If the free market is accepted as the determining factor for economic development, one must accept the thesis of a free political market, that is, a democratic system as a determining factor for a nation's political development. In this case, the parallel is not only timely, it is also a matter of logic that this should be a political ethical imperative for the present government. If the government advocates an open economy in which the market will play a fundamental role with the free participation of economic agents, then with the same orthodoxy and the same firm determination it should fight for an open political system in which individual freedoms will play a fundamental role in the nation's political well-being.

Let us analyze this parallel and its consistency closely. An economic market is fundamentally governed by the free supply and demand of goods and services. Both providers and consumers go to the marketplace to obtain the maximum benefits. Making a comparison, we may state that a democratic political system is also governed by the free workings of political supplies and the voters' demands. The similarity does not end there: in economics, when obstacles impede access to markets, or when suppliers of goods or services engage in unfair or monopolistic competition, freedom diminishes and the consumers are ultimately the ones hurt, receiving expensive and poor quality goods and services. Something very similar happens in politics. If fair competition is improperly prevented among political parties, or in other words, if a party competes unfairly or engages in monopolistic practices, the voters will also be the ones most hurt, as that political party's proposals would not have to benefit the majority of the voters. The monopoly party would be guaranteed good results in the election, no matter whether its political "supply" was competitive or not. In the case of both these parallels, it is clear that the freedom of both consumers and voters is diminished as, more by necessity than desire, both consumers and voters would have to accept an economic or political situation that was imposed, even against their own interests.

If we speak of an economic free market, we should also have to talk of elections that are not only legal, but also free elections, that is, a free political market. That must be the logical position and the plan for constructing a democratic system. Free elections are achieved both through the parties' free competition in the political market and through the voters' ability to cast their vote in a context of freedom. That means being able to choose freely among different political options, having accurate and objective information on each of them, and also having a clear knowledge of the political, economic, and social situation prevailing in the country. In this sense, the concept of fair electoral competition is inexorably linked to the concept of free elections. When competition is unfair, whether the inequity originates through an imbalance in information provided by the media, through unrestricted political campaign spending, or through political wheeling and dealing in instrumenting government programs and actions so that political parties do not have the same opportunities to compete in the political arena, the voters are prevented from choosing freely. A voter can not decide freely if he is deceived, manipulated, or his will is forced. Nor can a voter decide for a candidate whom he does not know, or for a candidate whom he knows in a distorted fashion. In this sense, a democratic system can not remain detached from truth and freedom, and therefore, from equity in electoral competition.

We find the parallel not only between the market and electoral processes, between providers and political parties, or between consumers and voters. The parallel also exists with eloquent similarity between the officials charged with supervising the economic market and the political market. To ensure the proper functioning of economic activity, Mexico has a Federal Economic Competition Commission charged with supervising markets. The essential feature of this commission is its technical and operational autonomy. The political market is under the authority of the Federal Electoral Institute, which should perform an autonomous state function. Both authorities should operate autonomously and independently, though in electoral matters, autonomy and independence do not yet exist. Still, the similarity described above is not absolute, as the purpose of the Federal Economic Competition Commission is to guarantee the freedom of the markets, while the Federal Electoral Institute is not so empowered, as demonstrated by the unfair electoral competition in the latest elections.

If the government is prepared to devise solutions for the present economic crisis even without the people's general consent, like the increase in the VAT [Value Added Tax], and if the government has carried its economic orthodoxy to that point, the least that can be asked is that it show the same ironclad determination in political liberalization, that is, the same orthodoxy inform

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and substance, even at the expense of the dominant political interests. These interests certainly do not represent more than the interests of some people who persist in upholding an authoritarian system against the legitimate interests of the majority of the Mexican people. Political ethics calls for clear definitions, but most of all it requires consistent actions. The government can not advocate freedom in the economic marketplace and nonfreedom, or limited freedom, in the political marketplace.

Correction to Drug Corruption of State

95CA0202A

The following correction pertains to the item headlined "Drug Corruption of State, Society Seen," which appeared in the 2 May Latin America DAILY REPORT, page 9:

Column one, sourceline should read:... 95CA0202A Mexico City LA JORNADA 21 Apr 95 p. 56... (adding missing sourceline)

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El Salvador

Finance Minister on Dollarization, Taxes

PA1005174495 San Salvador LA PRENSA GRAFICA in Spanish 8 May 95 pp 4A, 5A

[Interview with Salvadoran Finance Minister Manuel Enrique Hinds by unidentified reporter; place and date not given — first four paragraphs are LA PRENSA GRAFICA's introduction]

[FBIS Translated Text] While in El Salvador, criticism of the government's intention to dollarize the economy is on the upswing, the finance minister has given assurances that he has convinced U.S. Treasury authorities and the IMF that the country would be able to initiate such a move "tomorrow" if necessary.

But dollarization is not the only target of criticism. The Legislative Assembly is still debating a law that would split up cattle breeders and milk importers. These groups have not been briefed on the sectorial nature of the economic plan for the agriculture sector.

The study on increasing VAT [value-added tax] has been added to the debate. And in midweek the BCR [Central Reserve Bank] announced that international conditions "have forced reconsideration of the initial position and the adoption of a voluntary or progressive model for dollarization," measures for which, in essence, create incentives for dollar transactions within the financial system.

For Finance Minister Manuel Enrique Hinds, none of this means that the government is considering retreat. He maintains that the economic plan still makes sense and that some of its points, for example the lowering of barriers, approach the original aggressive proposals.

[LA PRENSA GRAFICA] Certain measures in the economic plan have been harshly criticized of late. The government's lack of assertiveness on these issues, instead of dissipating these criticisms, has magnified them. Moreover, the BCR's announcement of spontaneous dollarization through administrative measures meant for some a retreat from what had been a point of honor for the cabinet. Is this true?

[Hinds] It most certainly was an error to allow the debate to develop without our participation. But we want to make it clear that there is no going back.

[LA PRENSA GRAFICA] To clear this up: Is the law of convertibility — in the transition toward dollarization — going to be implemented? Why or why not?

[Hinds] We don't see any sense in using this model because there is still the risk inherent in the exchange rate. We believe there is no sense in going through that stage; instead we think it's better to make a direct move. Nevertheless, for dollarization a series of technical steps must be taken that take time; these are being implemented.

The Law of Convertibility grants free convertibility for dollars and fixes the colon at 8.75/$1. The measures mentioned by the BCR are minor decisions that do not require a law, because, no matter what, people will accept dollars. We believe it is unnecessary to issue a ruling on what is essentially the power of the liberalized dollar.

[LA PRENSA GRAFICA] Nevertheless, will the exchange system stay as it is?

[Hinds] Yes, it will. We do not want to go through what Argentina did. The colon is 8.76/$1. That's where it'll stay. Too much work is involved in organizing a "currency board," only to eliminate it later. It is better to get on with dollarization and not go through the legislation stage.

[LA PRENSA GRAFICA] If you are saying that we are going to go directly to dollarization, is BCR Vice President Gino Bettuglio's forecast that "the worst-case scenario" would be achieving dollarization "by January 1996" still valid? (PANORAMA ECONOMICO, 17 April edition).

[Hinds] I do not want to set a date because that might raise expectations. But I can tell you that there is an established timetable.

[LA PRENSA GRAFICA] How will this be known? What will happen when the time comes?

[Hinds] All colones will be purchased at 8.75, and bank accounts will be converted to dollars. That is going to happen.

[LA PRENSA GRAFICA] People are now being given "incentives" to assume debt in dollars. Is there any assurance that there will not be a devaluation? Although it cannot be established by decree anyway, a legally fixed rate of exchange no longer exists.

[Hinds] True, but in reality the rate is fixed; it will not vary. We have enough reserves.

[LA PRENSA GRAFICA] What happens if there are fiscal problems?

[Hinds] The country is in good shape. We have the peace agreement commitments, for which measures are already being taken into consideration. And the government's performance has been quite good. VAT revenues rose 38 percent during the first quarter of 1995, compared to last year's figures. International institutions were pretty surprised.

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We still do not know the results of income tax collection because returns still have to be filed. Nor do we have list of customs figures. But we are working hard to reduce expenses.

One of the goals of our agreement with the IMF is regular savings. The overall deficit is not one of the goals agreed upon with the IMF, but regular savings are. We budgeted a 167.5 million colones deficit for the first quarter. But we in fact achieved a surplus of 155 million in the first quarter. The fiscal output is really efficient.

[LA PRENSA GRAFICA] Can a rise in VAT be justified solely by the need to fund the peace agreements?

[Hinds] There are several things that weigh in this decision, for example the peace agreements. A big part of it is the substitution of taxes for barriers.

[LA PRENSA GRAFICA] Is it true that every one-point increase in VAT translates into 500 million colones for financing the agreements?

[Hinds] No, the figure is 400 million.

[LA PRENSA GRAFICA] But do the peace agreements require more than 300 million colones?

[Hinds] The total has climbed to almost 1.5 billion. After the first year it will fall sharply. For this year we have calculated 1.3 billion, approximately 600 million for next year, and 400 million for the following year.

At the same time we are reducing barriers, so there is a big loss in tax revenues that must be made up. There are these points and other expenses that for now will not be incurred.

[LA PRENSA GRAFICA] Selective taxes aren't enough. Is it logical to assume that VAT will be raised no matter what?

[Hinds] Even though this is probably true, all alternatives are being considered. Maybe we will do this through foreign debt, but not by much.

[LA PRENSA GRAFICA] We understand that 15 percent VAT is needed to cover these expenses. What does the Treasury Ministry say about this?

[Hinds] We are studying several combinations.

[LA PRENSA GRAFICA] How much could be secured though a bond issue?

[Hinds] That depends on how much the tax is increased.

[LA PRENSA GRAFICA] Are there any fears about the political cost of raising VAT? In announcing his plan, the president virtually pledged not to touch VAT.

[Hinds] Well, the president said that at that time he was not going to raise VAT. He did not say he would never raise it.

[LA PRENSA GRAFICA] But he also said that mechanisms to improve tax collection would be established. Are controls not enough?

[Hinds] No. There has been a 38-percent increase in VAT collection over the last three months; I think this is a world record. Besides, we are reducing expenses nearly 600 million colones this year. But the amount of money needed to make payments is frightening.

[LA PRENSA GRAFICA] Why is income tax not being considered?

[Hinds] That's a good question. There is an erroneous argument that says that a tax like VAT or a selective tax should be paid by regular people and income tax should be paid by the rich. Of course they pass this on.

When one decides to open a business, profits are calculated after taxes are paid. Income tax is included in the revenue margin, and people pay this anyway. The owner of the business already has calculated what his profit margin must be to meet a certain net profit after taxes. The impact of both is the same.

[LA PRENSA GRAFICA] Then why isn't the rate of tax evasion falling?

[Hinds] We cannot cite figures on the income tax because we still don't have all of this year's returns. The percentage of tax evasion cannot be calculated; that is impossible.

If this were known, there wouldn't be any evasion. We have certain indicators to work from, and we are seeing how we can identify evaders. We have proposed reforms to the Law on Fiscal Crimes; it is going to be tough, with jail sentences. We are also preparing changes in the Income Tax Law.

[LA PRENSA GRAFICA] Does that mean that it is still impossible to check tax evasion, even with those four-month-old plans for aggressive controls?

[Hinds] We know there are people who evade taxes; we are working on this.

[LA PRENSA GRAFICA] What about VAT evaders? When will they be jailed?

[Hinds] The impact of the Law on Fiscal Crimes that we have proposed will have immediate effect on VAT, because the lie is the crime. If someone lies he will go to jail. We will review each month's declarations.

Now, as the lawyers say, a law cannot be retroactive. This will be applied to next year's income tax returns.

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But we are doing many things to capture them. We believe that the issue of retroactivity is debatable, because the lie is the crime. But there are differences of opinions among the lawyers.

[LA PRENSA GRAFICA] Don't you agree that in the four months since the measures were announced — of that coherent and aggressive plan that Central America feared — only a couple of measures have actually been implemented: those on the barriers and dollarization?

[Hinds] No, I do not. Everything is going along as planned. People think that the rest has been forgotten. The plan is a plan; that's why it takes time. But all efforts are geared toward the goal outlined in the globalization plan.

[LA PRENSA GRAFICA] Do you think that people will believe the government when, for example, it talks about modernizing the state without privatization or reducing the size of the state?

[Hinds] The initial focus in modernizing the state will be introducing competition in electricity, telecommunications, and ports. Privatization is a decision about where to invest state funds.

CEL [Lempa River Hydroelectric Executive Commission] has the law ready that allows competition. Maybe a couple of points are still missing. ANTEL [National Telecommunications Administration] is working on a regulatory framework for competition.

[LA PRENSA GRAFICA] Those are the most impenetrable areas. No one know what is happening in CEL or ANTEL.

[Hinds] These are the most difficult areas. But one of the two laws is almost ready. But it still has to be submitted to Legislative Assembly; this can't happen overnight. I believe that part of the problem is expectations. But some things have already been done.

The Economy Ministry is negotiating for the ground barrier to be zero percent instead of 1 percent. This is what we originally wanted. We proposed 1 percent because this is what was in the Central American agreements. But what is almost certain is that in 1996 we are going to change the ground to zero percent for raw materials and capital and 15 percent for finished products.

[LA PRENSA GRAFICA] What will modernization of the state really mean? Will computers be purchased for all public employees? Will the size of state be reduced?

[Hinds] We can define the size of the state in several ways. The size of our state means 11 percent of the tax load, 11 percent of the GDP. This makes us one of the smallest states in the world and the third smallest in the Americas.

We don't think we can reduce this size. Our problem is that the state is not efficient. Modernization is a day-to-day task.

[LA PRENSA GRAFICA] You say that it is not too big. But more than 80 percent of the nation's budget is earmarked for public employees' salaries. Doesn't this show that the state is too big?

[Hinds] That's something else. Size in relation to the GDP is not big. But we do have the problem of how state resources are used. A high percentage of our funds goes for payments. We have to reduce this little by little.

[LA PRENSA GRAFICA] How can less be spent if public spending on salaries is not reduced?

[Hinds] There are many ways to do this, such as not replacing those who retire, without turning to mass firings. That cannot be done legally. The best option is to provide mechanisms for people to retire or move to the private sector.

[LA PRENSA GRAFICA] Within the scope of the economic plan, please summarize the goal in modernizing the state.

[Hinds] We mean to reduce waste so that the government can meet its obligations within the available funds.

Guatemala

Three U.S. Citizens Kidnapped on Inter-American Highway

PA1105010295 Guatemala City PRENSA LIBRE in Spanish 10 May 95 p 3

[FBIS Translated Text] The National Police have reported that four armed men yesterday kidnapped three U.S. citizens — Mrs. Sherill Swinole, 42, and her two young children, Clementina, 6, and Juan Pablo, 4 — at the 25 km marker of the Inter-American Highway in San Lucas Sacatepequez. They were abducted while riding in a station wagon bearing the license plate P-418185.

One of Mrs. Swinole's children, Noel Gomez Swinole, 20, released the information. He said the kidnapping took place while his mother was taking his siblings to the Moya School, which is located in the area.

The report said the armed individuals watched as Mrs. Swinole parked the vehicle and got out to help her children. Then, the four men approached her, threatened her with firearms, and forced her back into the station wagon before fleeing.

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Several witnesses said they could not help because the kidnappers were armed. Witnesses told security forces that the four men worked quickly and appeared to be waiting for the family to arrive.

The National Police have reported that Antikidnapping Commando agents are investigating the case. However, no details were given. Meanwhile, the kidnapping of Nery Oswaldo Melgar Carbonell, who is the son of rancher Nery Oswaldo Melgar, leader of the Chiqimulilla soccer team, is being investigated. Melgar Carbonell's ransom amounts to 5 million quetzales.

Rewards Offered in Slaying of U.S. Citizen, Others

PA1005235895 Panama City ACAN in Spanish 2109 GMT 10 May 95

[FBIS Translated Text] Guatemala, 10 May (ACAN-EFE) — The Government Ministry today offered a reward of more than $52,000 to anyone providing information leading to the capture of the murderers of a judge, a politician, and a U.S. businessman.

Government Minister Carlos Reynoso said a reward of 100,000 queztals (approximately $17,543) is being offered for information regarding the whereabouts of Guatemalan Army Captain Hugo Contreras, who is implicated in the murder of U.S. citizen Michael Devine. Contreras escaped from military headquarters in Guatemala City in May 1993, shortly after learning that a military tribunal had sentenced him to 30 years in prison for Devine's murder, committed in June 1992 in northern Peten Department.

According to Reynoso, wanted posters bearing a photograph of Capt. Contreras, who is 1.65 meters tall and has a scar on the right side of his face, will be sent to a number of Latin American countries where, according to unofficial reports, he may have fled. Last week, a local magazine said Contreras could be in Paraguay.

Reynoso said wanted posters would also be sent to Central American countries, because Contreras might also be in that region.

Besides a reward for information on the whereabouts of Capt. Contreras, Reynoso offered another $17,543 reward for information regarding the murderer of political leader Jorge Carpio Nicole. Carpio, a first cousin of current Guatemalan President Ramiro De Leon Carpio, was killed on 3 July 1993 in a region in northwest Quich Department while campaigning for the Union of the National Center Party.

Reynoso also offered $17,543 for information regarding those responsible for the murder of the Constitutionality Court President Epaminondas Gonzalez, who was gunned down on 1 April 1994 in a residential zone in Guatemala City.

Reynoso explained that the money for these rewards is coming from the government budget and that the rewards are intended to help combat the impunity reigning in the country. Reynoso also announced rewards will be paid in connection with all criminal action cases in which the guilty party remains at large.

Bamaca Case Prosecutor Accused of Withholding Information

PA1005234695 Panama City ACAN in Spanish 2030 GMT 10 May 95

[FBIS Translated Text] Guatemala City, 10 May (ACAN-EFE) — Relieved Special Prosecutor Leonel Machuca, who had been assigned to investigate the murder of Guatemalan guerrilla Efrain Bamaca who allegedly was killed by members of the military, hid information concerning the case he was handling, official sources disclosed today.

At a news conference, Prosecutor General Ramses Cuestas said this was the main reason for relieving Machuca on 6 May from the case involving Army Colonel Julio Alpirez and other military officers.

A military tribunal in the southern department of Retalhuleu suspended the proceedings in the Bamaca murder trials between 6 and 11 April, ordering the release of Alpirez and the other military personnel involved in the case.

Cuestas discovered that Machuca, on behalf of the Prosecutor General's Office and yet without the knowledge of his superiors, agreed with the defense to issue stays in the trials, three of which were contested. These anomalies forced Cuestas to dismiss the special prosecutor and replace him with criminal expert Julio Arango to change the course of the investigation.

"It was a serious situation that forced me to suspend (Machuca's) trip to the United States, because I could not entrust the handling of a case to someone who had withheld information from me," Cuestas said.

The prosecutor general set a 48-hour deadline, which expires today, for the dismissed official to explain the reasons that led him to close such important juridical proceedings.

Cuestas thinks Machuca could have been moved by "ignorance, negligence, ineptitude, or by prior agreement with the defense," although he preferred not to give a definitive opinion until the conclusion of an internal probe being conducted by the Prosecutor General's Office. Nevertheless, Cuestas revealed that the son of

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Machuca's wife, whose name he did not disclose, is currently serving as an official in the Guatemalan Army.

Although Machuca is currently only relieved from handling the case, the prosecutor general could sanction him with penalties ranging from public reprimand to definitive dismissal, and, according to Cuestas, a decision will be announced within five days. At any rate, the trials will continue, because the testimonies of at least eight of the 19 military men involved in the case are still pending.

Besides investigating the 1992 death of guerrilla Bamaca, who was married to U.S. citizen Jennifer Harbury, the fired prosecutor was also investigating the 8 June 1992 death of U.S. citizen Michael Devine. The Prosecutor General's Office has assigned this second case to jurist Leopoldo Mejia Toc.

New Prosecutor: Alpirez Acquittal May Be Invalidated

PA1105002095 Guatemala City SIGLO VEINTIUNO in Spanish 10 May 95 p 4

[FBIS Translated Text] Because the Retalhuleu First Military Trial Court made procedural mistakes by not issuing stay of proceedings notifications in accordance with the law, the resolutions issued in favor of Colonel Julio Roberto Alpirez and two military officers may be invalidated.

This was disclosed yesterday by Julio Rene Arango Escobar, the new prosecutor appointed to investigate the death of guerrilla Commander Efrain Bamaca.

Following an initial review of the records, Arango Escobar said it is very likely that the stay will be invalidated and, in turn, he will be able to continue the investigation. He did not specify how the mistakes had been made in issuing the notifications in question, but he explained that because of his office's opposition to the stay of proceedings, the suspects are still being investigated.

The new prosecutor in the Bamaca case stressed that, after establishing the inadmissibility of the stay of proceedings, he will travel to the United States to continue the investigation.

Accord Reached on Indigenous Issues

95CA0216A Guatemala City DIARIO DE CENTRO AMERICA in Spanish 6 Apr 95 pp 3-6

[Text of "Accord on Identity and Rights of Indigenous Peoples" signed by the Government of Guatemala and the Guatemalan National Revolutionary Unity, URNG, in Mexico City on 31 March]

[FBIS Translated Text] Whereas, the issue of the identity and rights of indigenous peoples is a fundamental point of historic significance for the present and future of Guatemala; and

Whereas, the indigenous peoples include the Mayans, the Garifunans, and the Xincans, and the Mayan people comprise various sociocultural subgroups with common roots; and

Whereas, as a consequence of its history, conquest, colonization, displacements, and migrations, the Guatemalan nation is multiethnic, multicultural, and multilingual; and

Whereas, the parties recognize and respect the identity and the political, economic, social, and cultural rights of the Mayan, Garifunan, and Xincan peoples, within the unity of the nation and the indivisibility of the territory of the Guatemalan State, as components of that unity; and

Whereas, the indigenous people have been singled out for de facto discrimination, exploitation, and injustice due to their origin, culture, and language, and like many other sectors of the nation, they have suffered from unequal and unjust treatment and conditions because of their economic and social status; and

Whereas, this historic reality has acutely affected these peoples and continues to affect them deeply, depriving them of the full exercise of rights and political participation and hampering the development of a national unity that will fairly and fully reflect the rich and multifaceted physiognomy of Guatemala in its entirety; and

Whereas, as long as this problem remains unsolved, Guatemalan society's economic, political, social, and cultural potential can never be achieved to the full extent, and Guatemala will never be able to take its rightful place in the concert of nations, despite its long history and the spiritual grandeur of its people; and

Whereas, in Guatemala it will be possible to eradicate oppression and discrimination only if there is recognition of the identity and rights of the peoples who have dwelled there and continue to dwell there, all of them components of its current reality and protagonists in its development in every sense; and

Whereas, all matters of direct interest to indigenous peoples must be dealt with by and with them, and this agreement seeks to create, expand, and strengthen the structures, conditions, opportunities, and guarantees for the participation of indigenous peoples, with full respect for their identity and the exercise of their rights; and

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Whereas, the international community, through the United Nations and the agencies and programs within its system, the Organization of American States (OAS), and other international entities and instruments, has recognized indigenous peoples' desire to control their own institutions and their way of life as distinct peoples;

Therefore, the Government of Guatemala and the Guatemalan National Revolutionary Unity (hereinafter known as "the parties") agree to the following:

I. IDENTITY OF INDIGENOUS PEOPLES

1. The recognition of the identity of indigenous peoples is fundamental to the development of national unity based on the exercise of and respect for the political, cultural, economic, and spiritual rights of all Guatemalans.

2. The identity of peoples comprises a number of elements that define them and, in turn, cause them to recognize themselves as such. In the case of Mayan identity, which has proven resistant to assimilation for millennia, the following are fundamental elements:

i) Direct descent from the ancient Mayans;

ii) Languages that stem from a common Mayan root;

iii) A world view based on the harmonious relationship of all elements in the universe, in which human beings are just one more element, the earth is the mother that gives life, and corn is a sacred symbol at the heart of the culture. This world view has been passed on from generation to generation by means of objects and writings as well as the oral tradition, in which women have played a key role;

iv) A common culture based on the principles and structures of Mayan thought, a philosophy, a legacy of scientific and technical knowledge, a unique artistic and aesthetic viewpoint, a unique collective historic memory, a community organization based on solidarity and respect for one's fellow man, and a concept of authority based on ethical and moral values; and

v) Self-identification.

3. The multiplicity of sociocultural subgroups within the Mayan people, including the Achi, Akateco, Awakateko, Chorti, Chuj, Itza, Ixil, Jakalteco, Kanjobal, Kaqchikel, Quiche, Mam, Mopan, Poqomam, Poqomchi, Q'ezchi, Sakapulteko, Sikapakense, Tectiteco, Tz'utujil, and Uspanteco, has not altered the cohesion of their identity.

4. The identity of the Mayan people, as well as that of the Garifunan and Xincan peoples, are recognized within the unity of the Guatemalan nation, and the government pledges to submit to the Congress of the Republic a measure to amend the Political Constitution of the Republic in this regard.

II. STRUGGLE AGAINST DISCRIMINATION

A. Struggle Against Legal and De Facto Discrimination

1. To overcome the historic discrimination against indigenous peoples, all citizens must become involved in the change of mentalities, attitudes, and behaviors. This change begins with a clear acknowledgment by all Guatemalans that racial discrimination is a reality, and that there is an urgent need to overcome it so that we can bring about true peaceful coexistence.

2. The government, with a view to eradicating the discrimination against indigenous peoples, will take the following measures:

i) Submit to the Congress of the Republic a bill defining ethnic discrimination as a crime;

ii) Submit to the Congress of the Republic a measure to revise current legislation, repealing any law or provision that might have a discriminatory impact on indigenous peoples;

iii) Broadly disseminate the rights of indigenous peoples through education, the media, and other means; and

iv) Promote the effective defense of such rights. For this purpose, it will promote the establishment of indigenous peoples' advocacy offices and the formation of legal aid firms that will provide free legal assistance for low-income people in the municipalities where the population is predominantly indigenous. In addition, the Office of the Attorney for Human Rights and other human rights organizations are urged to pay special attention to the defense of the rights of the Mayan, Garifunan, and Xincan peoples.

B. Rights of Indigenous Women

1. Recognition is given to the particular vulnerability and defenselessness of indigenous women, who face dual discrimination for being both women and indigenous, with the added problem of the extreme poverty and exploitation inherent in their social status. The government pledges to take the following steps:

i) Promote legislation defining sexual harassment as a crime and including among the enhancements that increase the penalties for sex offenses the fact that a crime has been committed against an indigenous woman;

ii) Establish an Indigenous Women's Advocacy Office, with their participation, and include legal aid and social counseling services; and

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iii) Promote the dissemination and enforcement of the Convention on the Elimination of All Forms of Discrimination Against Women.

2. The mass media and human rights organizations are urged to cooperate in the achievement of the objectives set forth herein.

C. International Instruments

International Convention for the Elimination of All Forms of Racial Discrimination

1. The government pledges to submit to the Congress of the Republic a bill incorporating the provisions of the convention into the Penal Code.

2. Given that Guatemala is a signatory to the convention, it pledges to complete the procedures necessary for the recognition of the Committee for the Elimination of Racial Discrimination, as set forth in Article 14 of said convention.

Agreement on Indigenous and Tribal Peoples, 1989 (ILO [International Labor Organization] Agreement 169)

3. The government has submitted Agreement 169 of the ILO to the Congress of the Republic for ratification, and it will, therefore, urge Congress to vote for ratification. The parties hereto urge the political parties to expedite ratification of the agreement.

Draft Declaration of the Rights of Indigenous Peoples

4. The government will promote passage of the draft declaration of the rights of indigenous peoples in the appropriate forums of the United Nations, in consultation with the indigenous peoples of Guatemala.

III. CULTURAL RIGHTS

1. The Mayan culture is the original foundation of Guatemalan culture, and together with the other indigenous cultures, it is an active and dynamic factor in the development and progress of Guatemalan society.

2. Therefore, the development of national culture is inconceivable without the recognition and promotion of indigenous peoples' culture. In this regard, in a departure from past practices, educational and cultural policy must be oriented toward the recognition, veneration, and promotion of indigenous cultural values. Based on this recognition of cultural differences, contributions and exchanges that will encourage the enrichment of Guatemalan society should be fomented.

3. The Mayan, Garifunan, and Xincan peoples are the key players in their own cultural development. The role of the state is to support that development by eliminating obstacles to the exercise of that right, adopting the necessary legislative and administrative measures to strengthen indigenous cultural development in all areas that fall within the purview of the state, and ensuring indigenous peoples' participation in the decisions related to the planning and execution of cultural programs and projects through their own organizations and institutions.

A. Language

1. Language is one of the pillars on which culture rests; in particular, it is the vehicle for the acquisition and dissemination of the world view, knowledge, and cultural values of the indigenous peoples. Thus, all languages spoken in Guatemala deserve equal respect. In this context, provisions must be adopted to restore and protect indigenous languages, and to promote the development and use of same.

2. For this purpose, the government will take the following steps:

i) Sponsor an amendment to the Political Constitution of the Republic listing all existing languages in Guatemala and establishing the state's constitutional obligation to recognize, respect, and promote them;

ii) Promote the use of all indigenous languages in the educational system with a view to allowing children to read and write in their own language or in the language most frequently spoken in the community to which they belong, promoting in particular bilingual and intellectual education and institutions such as Mayan schools and other indigenous educational experiences;

iii) Promote the use of indigenous peoples' languages in the provision of social services by government agencies at the community level;

iv) Provide information to indigenous communities in their languages, in a manner consistent with the traditions of indigenous peoples and using appropriate media, to advise them of their rights, obligations, and opportunities in the various spheres of national life. If necessary, written translations will be provided and the mass media will be utilized for broadcasts in the languages of said peoples;

v) Sponsor programs for the training of bilingual judges and court interpreters into and out of indigenous languages;

vi) Encourage positive attitudes toward indigenous languages and open up new opportunities in the mass media and cultural programming, strengthening organizations such as the Academy of Mayan Languages and other, similar entities; and

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vii) Promote the official status of indigenous languages. For this purpose, an official languages commission will be established, in collaboration with representatives of linguistic communities and the Academy of Mayan Languages of Guatemala, to study ways of making languages official, bearing in mind linguistic and territorial criteria. After the commission has reached its conclusions regarding official language status, the government will submit to the Congress of the Republic a measure to amend Article 143 of the Political Constitution of the Republic in accordance with those conclusions.

B. Personal Names and Place Names

The government reaffirms the absolute right to register indigenous personal names, both first and last, and place names. It also reaffirms communities' right to change local place names by majority vote of community members. The government will adopt the measures set forth in Chapter II, Section A of this agreement to combat any de facto discrimination in the exercise of this right.

C. Spirituality

1. Recognition is given to the importance and the specificity of Mayan spirituality as an essential component in their world view and in the teaching of their values. The same applies to the spirituality of other indigenous peoples.

2. The government pledges to promote respect for this spirituality in all of its manifestations, in particular the right to practice it both publicly and privately through teaching, worship, and observance. In addition, the importance of the respect owed to indigenous spiritual guides and to ceremonies and sacred places is also recognized.

3. The government will submit to the Congress of the Republic a bill to amend Article 66 of the Political Constitution of the Republic in order to stipulate that the state recognizes, respects, and protects the various forms of spirituality practiced by the Mayan, Garifunan, and Xincan peoples.

D. Temples, Ceremonial Centers, and Sacred Places

1. Recognition is given to the historic value and current influence of temples and ceremonial centers as part of the cultural, historical, and spiritual heritage of the Mayans and of other indigenous peoples.

Temples and Ceremonial Centers Located in Areas Protected by the State as Archeological Zones

2. According to the Constitution of the Republic, the temples and ceremonial centers that have archeological value are part of the national cultural heritage. As such, they are state property and should be protected. In this context, guarantees should be provided that this principle will not be violated in the case of temples and ceremonial centers of archeological value that are located or discovered on private property.

3. Recognition is given to the right of Mayan, Garifunan, and Xincan peoples to participate in the preservation and administration of these sites. To guarantee this right, the government pledges to promote, in collaboration with indigenous peoples, legal measures that will provide for a redefinition of the state entities charged with this function so that this right can be exercised.

4. The regulations governing the protection of ceremonial centers in archeological zones will be modified to ensure that they facilitate rather than hinder the practice of spirituality. The government will promote, in conjunction with indigenous spiritual organizations, regulations governing access to said ceremonial centers with a view to guaranteeing the free practice of indigenous spirituality under the terms of respect dictated by the spiritual guides.

Sacred Places

5. Recognition is given to other sacred places where indigenous spiritualism has traditionally been practiced, particularly by the Mayans. For the preservation of such places, a commission composed of representatives of the government and indigenous organizations, and of indigenous spiritual guides, will be appointed to designate such places and to establish a system for their protection.

E. Dress

1. The constitutional right to wear indigenous dress shall be respected and guaranteed in all aspects of national life. The government will take the steps set forth in Chapter II, Section A of this agreement to combat any de facto discrimination against the use of indigenous dress.

2. In addition, within the framework of a national campaign to heighten awareness of Mayan, Garifunan, and Xincan culture in their various manifestations, information will be provided regarding the spiritual and cultural value of indigenous dress and the respect it merits.

F. Science and Technology

1. Recognition is given to the existence and value of Mayan scientific and technical knowledge, as well as the knowledge of the other indigenous peoples. This legacy should be restored, developed, and disseminated.

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2. The government pledges to foster the study and dissemination of such knowledge and to facilitate its implementation. Universities, academic centers, the media, and nongovernmental organizations are urged to recognize and publicize the scientific and technical contributions of indigenous peoples, and international cooperation is sought in that regard.

3. Furthermore, the government will facilitate indigenous peoples' access to contemporary knowledge and promote scientific and technical exchanges.

G. Educational Reform

1. The educational system is one of the most important vehicles for teaching and developing cultural knowledge and values. It should respond to the cultural and linguistic diversity of Guatemala by recognizing and strengthening the indigenous cultural identity, the values and educational systems of the Mayans and the other indigenous peoples, and access to formal and nonformal education, and by including indigenous educational concepts in national curricula.

2. For this purpose, the government pledges to promote the reform of the educational system, along the following lines:

i) Decentralize and regionalize education so that it can be adapted to linguistic and cultural needs and specialties;

ii) Assign communities and families, as sources of education, an active role in setting curriculum and the school calendar, and empower them to participate in the hiring and firing of faculty with a view to serving the interests of the cultural and educational communities;

iii) Incorporate Mayan educational concepts and those of other indigenous peoples, in terms of their philosophical, scientific, artistic, pedagogical, historic, linguistic, and political-social components, as one aspect of comprehensive educational reform;

iv) Expand and foment intercultural bilingual education and promote the study and knowledge of indigenous languages at all levels of education;

v) Promote the improvement of communities' socioeconomic conditions by developing the values, content, and methods of their culture and encouraging technological innovation and the ethical principle of environmental conservation;

vi) Include in educational plans elements that will strengthen national unity through respect for cultural diversity;

vii) Hire and train bilingual teachers and indigenous administrative officials and experts to develop education in their communities and institutionalize mechanisms for consultation and participation with representatives of indigenous communities and organizations in the educational process;

viii) Pursue the effective exercise of the constitutional right to education that applies to the entire population, especially in indigenous communities where the least attention is given to education, with a view to encouraging universal coverage and promoting approaches that will help achieve these objectives; and

ix) Increase the Education Ministry's budget in such a manner that a substantial portion of such an increase will be allocated to the implementation of educational reform.

3. Within the context of educational reform, the different educational experiences of the Mayans will be given full consideration. The Mayan schools will continue to be supported, and the National Program for Intercultural Bilingual Education (PRONEBI) will be strengthened in indigenous communities, as will the Mayan Culture and Language Segment in all Guatemalan schools.

Furthermore, the establishment of a Mayan university or indigenous institutions of higher learning will be promoted, and the work of the National Council on Mayan Education will be supported.

4. To facilitate indigenous peoples' access to formal and nonformal education, the system of scholarships and stipends for students will be strengthened. In addition, any curricular materials that reflect culture and gender stereotypes will be corrected.

5. A joint commission composed of representatives of the government and indigenous organizations will be appointed to design this reform program.

H. Mass Media

1. Like the educational system, the mass media play a key role in the defense, development, and transmittal of cultural knowledge and values. It is up to the government, but also to those who work and participate in the communications sector, to promote the veneration and dissemination of indigenous cultures, contribute to the eradication of all forms of discrimination, and encourage all Guatemalans to identify with their multicultural heritage.

2. With a view to providing the widest possible access to the media for Mayan and other indigenous communities and institutions, and the broadest possible diffusion, in indigenous languages, of the indigenous cultural heritage, particularly the Mayan one, as well as the universal cultural heritage, the government will take the following specific steps:

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i) Provide space in the official media for the dissemination of indigenous cultural themes and promote similar measures in the private media;

ii) Submit to the Congress of the Republic the necessary amendments to the current Radiocommunications Law for the purpose of providing frequencies for indigenous projects and ensuring observance of the principle of nondiscrimination in the use of the mass media; and urge the repeal of any legal provision that interferes with indigenous peoples' right to avail themselves of the mass media to develop their identity; and

iii) Regulate and support a system of informational, scientific, artistic, and educational programs in indigenous languages on various aspects of indigenous culture, on the radio, on television, and in the national print media.

IV. CIVIL, POLITICAL, SOCIAL, AND ECONOMIC RIGHTS

A. Constitutional Framework

The government of the Republic pledges to work for an amendment to the Political Constitution of the Republic in order to define and characterize the Guatemalan nation as a national entity that is multiethnic, multicultural, and multilingual.

B. Local Indigenous Communities and Leaders

1. Recognition is given to the influence the Mayan community and other indigenous communities have had and continue to have in political, economic, social, cultural, and spiritual affairs. Their cohesion and vigor have enabled the Mayan, Garifunan, and Xincan peoples to preserve and develop their culture and lifestyle in spite of the discrimination to which they have been subjected.

2. In view of the state's constitutional obligation to recognize, respect, and promote the organizational reforms that the indigenous communities are carrying out, recognition is given to the role played by community leaders, who are selected in accordance with local customs, in managing their affairs.

3. The government pledges to affirm the communities' role, within the framework of municipal autonomy, in the exercise of indigenous peoples' right to set their own priorities in the development process, in particular with respect to education, health, culture, and infrastructure.

4. For this purpose, and to foster the participation of the indigenous communities in decisionmaking, especially on matters that directly affect them, the government will promote the amendment of the Municipal Code.

5. Such amendment shall be promoted in accordance with the conclusions reached by the reform and participation commission appointed pursuant to Section D, Paragraph 4 of this chapter, regarding the following points, and within the context of municipal autonomy and the legal provisions set forth in Section E, Paragraph 3 of this chapter, which will recognize the indigenous communities' right to manage their internal affairs according to their local customs:

i) Definition of the legal status and powers of indigenous communities and those of the leaders they select in accordance with traditional norms;

ii) Definition of the manner in which respect will be shown for local customs and everything related to the habitat in the exercise of municipal functions, taking into account, where applicable, the linguistic, ethnic, and cultural diversity of the municipalities;

iii) Definition of the manner in which municipalities will be encouraged to provide for the equitable distribution of public spending, including the percentage of the General Budget of Regular State Revenues that is transferred annually to the municipalities, between indigenous and nonindigenous communities in each municipality, with a view to enhancing such communities' ability to manage their resources and become the agents of their own development; and

iv) Definition of the manner in which communities will join together in defense of their rights and interests and enter into agreements to design and execute community and regional development projects.

C. Regionalization

In view of the advisability of carrying out administrative regionalization on the basis of a comprehensive decentralization and deconcentration in accordance with economic, social, cultural, linguistic, and environmental criteria, the government pledges to regionalize the administration of educational, health, and cultural services for indigenous peoples. This will be in accordance with linguistic criteria, and in order to facilitate the effective participation of community representatives in the management of educational and cultural affairs at the local level to ensure efficiency and relevance.

D. Participation at All Levels

1. It is acknowledged that indigenous peoples have been excluded from decisionmaking in the country's political life, which has made it extremely difficult, if not impossible, for them to freely and fully express their demands and defend their rights.

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2. In this context, it is emphasized that the Mayan, Garifunan, and Xincan peoples have the right to establish and manage their own institutions, to control their development, and to be given real opportunities to exercise their political rights freely. It is further recognized and emphasized that the free exercise of these rights validates their institutions and strengthens the unity of the nation.

3. Consequently, it is necessary to institutionalize the representation of indigenous peoples at the local, regional, and national levels, and to guarantee their free participation in the decisionmaking process in the various spheres of national life.

4. The government pledges to promote whatever legal and institutional reforms may be necessary to facilitate, regulate, and guarantee such participation. It further pledges to draft such reforms in collaboration with representatives of indigenous organizations, for which purpose a joint reform and participation commission will be appointed, to be composed of representatives of the government and indigenous organizations.

5. The commission will be authorized to consider reforms or measures in areas including but not limited to the following:

i) Mechanisms for mandatory consultation with indigenous peoples whenever legislative and administrative measures are contemplated that might affect the Mayan, Garifunan, and Xincan peoples;

ii) Institutional mechanisms for individual and collective participation in decisionmaking, such as advisory, consultative, or other bodies that can provide for an ongoing dialogue between government agencies and indigenous peoples;

iii) Indigenous representative institutions that will protect indigenous peoples' interests at the regional and/or national level, with bylaws that guarantee representativeness and sufficient powers to enable them to defend and promote such interests adequately, including the power to propose measures to bodies of the executive and legislative branches; and

iv) Free access by indigenous peoples to the various branches of public administration, including their appointment to positions in local, regional, and national administrative bodies whose functions directly affect indigenous interests or predominantly deal with indigenous affairs.

E. Customary Law

1. The traditional customs of indigenous peoples have been and continue to be an essential element in the social regulation of community life, and therefore in the maintenance of social cohesion.

2. The government recognizes that both the fact that national legislation has ignored customary laws governing indigenous community life and the indigenous peoples' lack of access to the resources of the national legal system have given rise to discrimination, marginalization, and the denial of rights.

3. To enhance the legal security of indigenous communities, the government pledges to collaborate with indigenous organizations to propose to the legislature legal provisions that recognize the indigenous communities' right to manage their internal affairs in accordance with their local customs, provided that such customs are not incompatible with the fundamental rights defined by the national legal system or internationally recognized human rights.

4. In cases where the intervention of the courts becomes necessary, particularly with regard to criminal activity, the corresponding authorities must give full consideration to the traditional norms governing the communities. For this purpose, the government pledges to take the following steps:

i) Sponsor legislation, drafted in collaboration with representatives of indigenous organizations, to include cultural expertise and develop mechanisms to authorize community leaders to indicate the customs that constitute their internal laws; and

iii) [as published] Collaborate with Guatemala's universities, professional associations, and indigenous organizations to develop an ongoing program for judges and prosecutors of the Public Ministry to learn about the culture and identity of indigenous peoples, especially their norms and the mechanisms that regulate their community life.

5. To ensure indigenous peoples' access to the resources of the national legal system, the government pledges to provide free legal services for low-income persons, and it reiterates its obligation to make court interpreters available to indigenous communities free of charge, guaranteeing rigorous enforcement of the principle that no one should be tried without access to interpretation into his language.

6. The government, in collaboration with the indigenous organizations, universities, and relevant professional organizations of the country, will promote the systematic and comprehensive study of the values and procedures of traditional norms.

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F. Indigenous Peoples' Land Rights

1. Indigenous peoples' land rights include both communal or collective tenancy and individual tenancy, property rights, the right of enjoyment, and other real property rights, as well as the right to make use of natural resources for the benefit of the communities, provided that they do not damage the habitat. It is necessary to draft legislative and administrative measures to provide for recognition, title deeds, protection, vindication, restoration, and compensation pursuant to these rights.

2. The failure to protect indigenous peoples' rights to land and natural resources is part of a very broad problem caused by, among other things, the fact that indigenous and nonindigenous peasants have had difficulty legalizing their rights through title deeds and registration. On the rare occasion when they have been able to legalize their rights, they have not had access to legal mechanisms for defending them. This problem, which is not exclusive to the indigenous population but has been especially acute among them, should be dealt with under the rubric of "Socioeconomic Aspects and Agrarian Situation" as part of the considerations for reforming the structure of land ownership.

3. However, the serious lack of protection and the plundering of indigenous peoples' communal or collective lands deserves special attention within the framework of this agreement. The Constitution of the Republic establishes the state's obligation to provide special protection for cooperative, communal, or collective lands; it recognizes the right of indigenous communities and others to maintain their present system of land administration, which is a historic tradition; and it declares that the state has an obligation to provide state lands for indigenous communities that need land for their development.

4. Recognizing the special importance indigenous communities attach to their relationship with the land, and with a view to strengthening the exercise of their collective rights to the land and its natural resources, the government pledges to adopt directly, when it has the appropriate jurisdiction, and to promote, when such jurisdiction falls to the legislative body or municipal authorities, the measures mentioned below, among others, which will be applied in consultation and collaboration with the indigenous communities involved.

Regularization of Land Ownership by Indigenous Communities

5. The government will adopt or promote measures to regularize the legal status of communal lands owned by communities that do not have title deeds, and such measures will include title deeds for municipal or national lands with a clear communal tradition. For this purpose, an inventory of property ownership will be conducted in each municipality.

Land Ownership and Use and Administration of Natural Resources

6. The government will adopt and promote the following measures:

i) Recognize and guarantee the right to access to land and resources that are not occupied exclusively by the communities, but to which they have traditionally had access for their traditional and subsistence activities (easements such as right of way, timber rights, access to springs, etc., and the use of natural resources), and for their spiritual activities;

ii) Recognize and guarantee communities' right to participate in the use, administration, and conservation of the natural resources present on their land;

iii) Obtain the favorable opinion of indigenous communities prior to carrying out any project for the exploitation of natural resources that could affect the communities' subsistence and way of life. The affected communities shall receive fair compensation for any damage they may suffer as a result of such activities; and

iv) Adopt, in collaboration with the communities, whatever measures may be necessary to protect and preserve the environment.

Restoration of Communal Lands and Compensation

7. Recognizing the particular vulnerability of indigenous communities, which have historically been the victims of land seizures, the government pledges to institute procedures to resolve the communities' communal land claims and to restore the land or provide compensation for it. In particular, the government will adopt or promote the following measures:

i) Stay supplemental title deeds for property claimed by indigenous communities;

ii) Stay the statutory time limits for any action aimed at depriving indigenous communities of their lands; and

iii) Establish, when such time limits have already expired, procedures for compensating indigenous communities whose lands have been seized by giving them other lands purchased for that purpose.

Purchase of Lands for Indigenous Community Development

8. The government will take the necessary steps, without detriment to small peasant landowners, to fulfill the constitutional mandate to provide state lands to indigenous communities that need land for their development.

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Legal Protection of Indigenous Community Rights

9. To facilitate the defense of the aforementioned rights and provide adequate protection for the communities, the government pledges to adopt or promote the following measures:

i) Develop legal regulations recognizing the indigenous communities' right to administer their lands in accordance with their customary law;

ii) Increase the number of courts with jurisdiction over property matters and streamline procedures for resolving such matters;

iii) Urge schools of law and social science to strengthen the agrarian law component of their curricula and to include training in customary laws governing such matters;

iv) Establish legal aid services capable of handling land claims;

v) Provide free interpreting services to indigenous communities for legal matters;

vi) Promote the broadest possible dissemination of information about agrarian rights and available legal resources in indigenous communities; and

vii) Eliminate any form of de facto or de jure discrimination against women with regard to facilitating access to land, housing, credit, and participation in development projects.

10. The government pledges to fulfill the commitments made in this Section F by making available the land required to alleviate the insecurity and the desperate needs arising out of the land problems of indigenous communities. For this purpose, the government, after consulting with the indigenous peoples, will establish a Joint Commission on Indigenous Peoples' Land Rights to study, design, and propose the most appropriate institutional solutions and procedures. This commission will be made up of representatives of the government and indigenous organizations.

V. JOINT COMMISSIONS

With respect to the composition and functions of the Educational Reform Commission mentioned in Chapter III, Section G, Paragraph 5; the Reform and Participation Commission mentioned in Chapter IV, Section D, Paragraph 4; and the Commission on Indigenous Peoples' Land Rights mentioned in Chapter IV, Section F, Paragraph 10, the parties agree to the following:

i) The commissions will be composed of an equal number of representatives of the government and of indigenous organizations;

ii) The number of seats on the commissions will be determined, in joint consultation, by the government and the Mayan sectors belonging to the Civil Society Assembly;

iii) The Mayan sectors belonging to the Civil Society Assembly will convene a meeting of the Mayan, Garifunan, and Xincan organizations interested in participating in said commissions so that they can appoint the indigenous representatives who will serve on them;

iv) The commissions will adopt their conclusions by consensus;

v) The commissions will determine their functions based on the mandates set forth in this agreement; and

vi) The commissions may solicit the advice and cooperation of relevant national and international organizations to carry out their mandates.

VI. RESOURCES

Considering the importance of the measures contained in this agreement, the government pledges to make every effort to mobilize the resources necessary to fulfill its commitments under this agreement. In addition to the government, broad sectors of the national community may play an active role in promoting respect for the identity of indigenous peoples and the full exercise of their rights. Such sectors are urged to contribute the resources available to them to ensure that this agreement is carried out in the areas that fall within their purview. International cooperation is indispensable for supplementing national efforts with technical and financial resources, particularly within the framework of the International Decade of Indigenous Populations of the World (1994-2004).

VII. FINAL PROVISIONS

First, pursuant to the Framework Agreement, the secretary general of the United Nations is hereby requested to verify compliance with this agreement. It is suggested that in designing the verification mechanism, he take into account the opinions of indigenous organizations.

Second, the aspects of this agreement that involve the human rights recognized by the Guatemalan legal system, including the treaties, conventions, and other international instruments regarding this matter to which Guatemala is a signatory, are effective and enforceable immediately. The Human Rights Verification Mission is hereby requested to verify such aspects as well as compliance with the commitments undertaken in the Comprehensive Agreement on Human Rights in Guatemala (MINUGUA).

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Third, this agreement is part of the Firm and Lasting Peace Accord, and except as provided in the preceding clause, it shall become effective upon the signing of the latter accord.

Fourth, this agreement shall be disseminated as widely as possible, both in Spanish and in the principal indigenous languages, for which purpose international financial cooperation will be sought.

NOTE: The proposals contained in the consensus document of the Civil Society Assembly relating to this matter, which correspond more directly to points still on the agenda for negotiation, will be discussed in due time.

Mexico City, 31 March 1995.

For the Government of the Republic of Guatemala: Hector Rosada Granados, Brigadier General Carlos Enrique Pineda Carranza, Antonio Arenales Forno, Brigadier General Julio Arnoldo Balcom Turcios, Mario Permuth, Brigadier General Jose Horacio Soto Salan, Ruben Amilcar Burgos Solis, Manuel Salazar Tetzaguic.

For the Guatemalan National Revolutionary Unity: General Command: Commander Gaspar Ilom, Commander Rolando Moran, Commander Pablo Monsanto, Carlos Gonzalez. Political-Diplomatic Commission: Luis Felipe Becker Guzman, Miguel Angel Sandoval, Francisco Villagran Munoz, Luz Mendez Gutierrez. Advisers: Mario Vinicio Castaneda, Miguel Angel Reyes.

For the United Nations: Gilberto Bueno Sohlttler-Silva, director of Unity of Guatemala; Jean Arnault, moderator.

Nicaragua

President Writes Assembly Chief on Reform Talks Proposal

PA1005193495 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 9 May 95

[Letter from Nicaraguan President Violeta de Chamorro to National Assembly President Humberto Guzman; place and date of letter not given]

[FBIS Translated Text] Honorable Mr. President: In response to your letter of 28 April, I have already issued instructions for the preparation of lists of qualified citizens, for submission to the Supreme Electoral Council, who may be candidates for the vacancy on the Supreme Court left by the death of Dr. Rodolfo Robelo. I have been considering the names of renowned lawyers proposed for the position. I will send you the list once it is complete.

Regarding your proposal about resuming negotiations on constitutional reforms, I remind you they were interrupted when you decided to publish those reforms in contravention of a judicial order banning that action.

Furthermore, your intentions, as expressed in your letter, contradict a communique issued by the National Assembly's Board of Directors on 3 May, where you specifically disavow the Supreme Court and suggested that as president of the Republic I have disobeyed the Constitution.

I reiterate my willingness to consolidate the state of law and promote sound operation of institutions, which begins with mutual respect and independence among all government branches. We must set the example by respecting the Constitution and complying with court orders, which are compulsory. Once again I express my willingness to talk and find a solution to the existing constitutional controversy and reach an agreement on bottom line subjects and problems that really affect and are of interest to the people.

Sincerely, Violeta Barrios de Chamorro

Assembly Dismisses Supreme Court Ruling on Amendments

PA1105033495 Managua BARRICADA in Spanish 9 May 95 pp 1, 2

[Report by Carlos Garcia Castillo]

[FBIS Translated Text] The Supreme Court justices have declared "without any legal standing or effect the publication of the *Constitutional Amendments* because lawmakers disobeyed a ruling by the Masaya Appeals Court ordering the suspension of the publication of the *Amendments*." [no closing quotation marks as published]

The court's highest-ranking official informed the state branches in the dispute of the Supreme Court's long-awaited decision.

In response, the National Assembly immediately dismissed the court's very existence and rejected the ruling. Assembly President Luis Humberto Guzman said, "That is merely the opinion by a group of justices" on the conflict.

In the decision, which was also signed by Rodolfo Sandino Arguello, a justice appointed by the National Assembly, the high court tossed out the *amparo petition* Rene Arguello Sacasa filed against Guzman.

It caught the people's attention that the Supreme Court did not base its ruling on any of the constitutional *challenges* filed by an untold number of citizens in different legislative offices of the country.

The Supreme Court chief justice acted unofficially in hearing and ruling on the dispute between the state

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branches that has plunged the country into true legal chaos.

The Supreme Court notified the Presidency's Legal Office headed by Tomas Delaney of the ruling. The secretary at the National Assembly's reception office received the ruling.

Delaney told BARRICADA that, based on the court's ruling, everything the National Assembly has done is void, because the *Constitutional Amendments* are not in effect.

The presidential adviser acknowledged that the ruling does not fully resolve the country's current crisis because of the political elements. "The crisis is not resolved, but the ruling helps to bring order in areas dealing with the functioning of the country's institutions. To resolve the crisis, we obviously need a political dialogue," Delaney said.

Meanwhile, three of the five justices elected by the National Assembly issued a statement, noting that the Supreme Court is not properly constituted, and, therefore, any resolution or ruling by its members is without legal standing.

In addition, leaders of the 16 political parties yesterday announced that, in case any of them win the 1966 elections, they will ignore any international agreements or pacts the government signs in the future with international organizations.

Alfredo Cesar Aguirre, chairman of the National Assembly's Foreign Relations Committee, is reportedly going to inform the governments of the countries that have relations with the executive of the measure, which has the full backing of the triple alliance of the UDC [Christian Democratic Union], the Ramirist Movement, and some UNO [National Opposition Union] parties.

The announcement of the antigovernment *boycott* was made yesterday in the National Assembly during a most *unique* session, because it was presided over by people who are anything but deputies — namely, Luis Fley, alias *Commander Johnson*, who sat next to writer Sergio Ramirez Mercado; former Comptroller General Guillermo Potoy (dismissed by the same assembly over which he presided yesterday); and William Navarro of the Independent Liberal Party.

The National Assembly's Board of Directors summoned the deputies purportedly to endorse the bloc leaders' announcement of a *congressional insurrection* against the Chamorro government, but the deputies discovered that the auditorium had been just about taken over by the right-wing parties' "grass roots" leaders.

Upon entering the National Assembly hall, many deputies could not find a place to sit and, feeling uncomfortable and upset, chose to leave.

All that some of those deputies, such as Raul Venerio, poet Fernando Silva, and Julio Marenco, could do was to get hold of some chairs loaned by the administrative staff. Meanwhile, other deputies, such as Doris Tijerino and Leticia Herrera, had no such luck and decided to leave the hall and watch the bullfight from afar with sullen faces.

A large number of politicians, most of them unknown, passed by the National Assembly *podium* and hurled all kinds of insults and accusations against their war adversaries for seizing power in the country. Some of them, such as a man named Francisco Cano of MAR (Renewal Action Movement), called for the immediate impeachment of the Chamorro government and the dismissal of the Supreme Court justices.

This same man called on citizens not to pay their water and electricity bills or their taxes, and he spoke against the privitization of Telcor [Nicaraguan Telecommunications and Postal Services Institute]. He also called for a nationwide strike in the near future.

Sandinist Renewal Movement Leader Criticizes Government

PA1005195695 Managua EL NUEVO DIARIO in Spanish 9 May 95 p 8

[Report by Edgard Barberena S.]

[FBIS Translated Text] Dr. Sergio Ramirez called on high-ranking Army and Police officers to remain completely detached from any hint of support "for a government that is violating the Constitution and laws and beginning an authoritarian and arbitrary government," while ruling out the possibility that civil war will be unleashed in Nicaragua.

Ramirez made this statement to numerous reporters who witnessed the beginning of the movement by more than 16 parties and popular organizations in the National Assembly aimed at mobilizing the people around the constitutional reforms.

The Sandinist Renewal Movement [MRS] leader commented on the case of the Armed Forces after it was leaked on Sunday during a MRS departmental assembly that the Army might take a stand tomorrow, Wednesday, on the crisis.

Commenting on the much-publicized ruling by the reduced [diminuta] Supreme Court of Justice on the constitutional reforms, the former leader of the Sandinist wing said he did not believe that this will be a

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"political victory" for Antonio Lacayo and that all he is accomplishing is a "deepening of the country's crisis and the creation of enormous destabilization in Nicaragua."

Family Dictatorship

Ramirez said that the way things are going in Nicaragua "a family dictatorship is starting which is cornering the Judicial Branch and attempting to squash the National Assembly by overstepping the Constitution and imposing the will of one person.

"This is how an authoritarian government begins, one which is trying to extend itself beyond the year 1996. This is a lot like what happened in 1936."

Ramirez said that the National Assembly needs to be defended as the last bastion of democracy in Nicaragua. But asked if the Army was behind those who wish to remain in power, the MRS leader said that he trusts in the Armed Forces' and the Police's ability to remain calm and fend off the plot emanating from the presidential palace.

When asked about previous statements by Army Commander in Chief General Joaquin Cuadra to the effect that the Armed Forces would back any Supreme Court of Justice ruling, Ramirez said: "I also support the rulings of a properly staffed court, but nobody in his right mind who wants to maintain stability in the country's institutions is going to support a ruling by a minority of Supreme Court of Justice magistrates."

He said that Violeta Chamorro's government is placing itself in a precarious position because it is losing the people's goodwill; "this government has placed itself outside the law, outside the Constitution, and they believe that they are winning a battle by attacking the country's constitutionality, but this is a Pyrrhic victory."

Ramirez said that the National Assembly must continue to uphold its institutional responsibility, and reiterated his "belief that the trial of officials elected by the National Assembly who do not obey the Constitution and the laws must go forward."

Panama

Union Leaders Call For University Rectors Mediation

PA1005194695 Panama City LA ESTRELLA DE PANAMA in Spanish 10 May 95 p A-1

[Report by Cristobal A. Chen]

[FBIS Translated Text] Leaders of workers who make up the Labor Foundation yesterday asked the rectors of the University of Panama and Santa Maria la Antigua University to mediate in the conflict over the amendments to the labor law that the Executive Branch delivered to the parliament last week.

In a note, union leaders also asked Pablo Mendievil, representative of the United Nations in Panama, to mediate in what they view as "a national government violation to the Bambito III Pact."

The union leaders who made the request and who are members of the Labor Foundation are: Norma Cano of the National Federation of Panamanian Workers (CNTP), Aniano Pinzon of the Confederation of Workers of the Republic of Panama (CTRP), Julia Suira of the General Federation of Workers (Central General de Trabajadores, CGT), Nagelis Herrera of the Panamanian Transportation Workers Federation (CPTT), and Mariano Mena of General Central Organization of Panamanian Workers (CGTP).

On Monday, these five labor federations "broke" relations with the government during discussions of the amendments to the labor law.

"There is a climate of anxiety and unrest in the Panamanian labor sector, particularly among workers and their unions, because the proposal does not express the spirit and letter of that which was agreed on."

The Bambito III Pact was established in December 1994 among the state, the business sector, and the workers.

According to this pact, any changes to the labor law have to be the result of a consensus among these three sectors of Panamanian society.

The workers alleged that the government added articles "on which there had been no consensus" to the proposal presented by the Labor Foundation to amend the Labor Code of 1972.

Labor Minister Warns Unions Against Strike

PA1005221295 Panama City LA PRENSA in Spanish 10 May 95 p 1A

[Report by Jose Quintero De Leon and Hermes Sucre Serrano]

[FBIS Translated Text] Labor Minister Mitchel Doens has warned that pressure from unions trying to deceive workers under "false pretexts" will not force the government to back down on its move to amend the Labor Code.

Doens said union leaders who support the idea of a strike will have to pay the consequences for their irresponsibility of trying to lead rank-and-file members into a strike that will only engender new problems for businessmen and workers.

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He conceded that workers have the right to demand and defend their advancements, but they also have the duty to respect the government's right to propose amendments to the law, to modernize the economy, and to adjust labor laws to the new standards of international commerce.

"I believe that just as we respect their positions as citizens, they must also respect the state's obligations," Doens stressed.

He denied the government has violated the Bambito III agreements, and he attributed such claims to the "ignorance" of many union members about the contents of the amendments. He also issued a warning about the serious consequences a general strike will have on the private sector and the work force.

At a news conference held yesterday, the Labor Foundation charged that by submitting a proposal for labor reforms to the Legislative Assembly, which differed from the one the unions had agreed on with businessmen, President Ernesto Perez Balladares and Doens violated the Pact of Commitments for Development signed in Bambito.

The five labor federations that participated in the negotiations — CTRP [Confederation of Workers of the Republic of Panama], CNTP [National Federation of Panamanian Workers], CGTP [Central Organization of Panamanian Workers], CPTT [Panamanian Transportation Workers Federation], and CGT [General Federation of Workers] — issued a joint communique that said it is evident the government, through its reform proposal, "has sown a climate of distrust and a lack of credibility."

They added that by way of this action the government is violating the Bambito Pact and jeopardizing the opportunities for a dialogue, not only on labor matters, but also on other important issues for the country, and, in turn, this could lead to confrontations which the "responsible and wise" unions have tried to avoid.

Foundation Copresident Aniano Pinzon said the five unions will defend the reform bill that was agreed upon by consensus, despite the fact that the business sector has remained silent and has not defended it.

Pinzon said they will not support the bill Minister Doens presented to the assembly, which Pinzon described as being 45 percent new, 15 percent distortion, and containing only 20 percent of the Labor Foundation's proposals.

Pinzon pointed out that the first step is to summon the guarantors of the Bambito Pact — namely, Rectors Gustavo Garcia de Paredes and Stanley Muschett and UN representative Pablo Jose Mendivil — to contribute their good offices to achieve a resumption of dialogue and joint efforts. Pinzon added that this does not constitute a negotiation but, rather, an effort to bring together the various sectors to actually reach a consensus on a bill to reform the Labor Code.

Meanwhile, the labor leaders underscored the Executive Branch's "stubborness" in dodging its responsibility as the body that should oversee compliance with labor regulations. They termed this development as "serious," especially at a time when strengthening the role of labor ministries is the current trend throughout Latin America.

Yesterday, representatives of the business sector urged labor leaders to be prudent and to seek dialogue. Labor leaders have said they will hold marches, work stoppages, and indefinite strikes if the Executive Branch insists on promoting its labor reforms in the assembly.

Ricardo Ortega, president of the Panamanian Association of Business Executives (Apede), told the media that it would be irresponsible and catastrophic to call a general strike because of its negative impact on the economy, which currently requires [incomplete sentence as published].

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Argentina

Six Surveys Show Menem To Win in First Round

PY1005231895 Buenos Aires Telefe LS84 Television Network in Spanish 0100 GMT 10 May 95

[Interview with representatives from the six leading public opinion polling firms in Argentina by program host Bernardo Neustadt in Buenos Aires on 9 May — from the "Tiempo Nuevo" program]

[FBIS Translated Excerpt] [Neustadt] I would like Manuel Mora y Araujo to explain to me the results of the latest public opinion polls.

[Mora y Araujo] Our latest survey shows that Menem-Ruckauf [President Carlos Menem and running mate Carlos Ruckauf] will win the elections in the first round. The trend in the performance of the opposition candidates, who were closing in on Menem last week, has stabilized, and the independent electorate seems to be opting for the continuation of the present model. The popularity of [Radical Civic Union presidential candidate Horacio] Massaccesi has increased a little bit, but all in all this is the result of the poll: Menem is going to win in the first round.

[Neustadt] And you, [Enrique] Zuleta [Pucceiro]?

[Zuleta] The president maintains an 11-point lead over [Jose Octavio] Bordon [Front for a Country in Solidarity, Frepaso, presidential candidate]. There is an increase in all the candidates' popularity that is greater than expected. Massaccesi increased by three points, Bordon by four points, and Menem by 1.8. From here there are various scenarios. There is the optimistic scenario, in which Menem would obtain 45.6 percent of the vote, while Bordon would poll 32.5 percent, and therefore there would be no runoff election. Then there are three very complex scenarios, in one of which there will definitely be a runoff: 42.4 percent for Menem and 34 percent for Bordon. In the two others Menem will win by a very close margin — 44.7 percent against 33.6 percent for Bordon, and 43.3 percent for Menem against 33.7 percent for Bordon. [passage omitted]

[Neustadt] Madam...

[Maria Carballo] Well, our latest public opinion survey also shows a scenario in which the highest probability is that the incumbent president will be reelected without a runoff election, obtaining a projected 45 percent of the vote with a 12-point lead over the runner-up. In any case, despite the fact that we are also seeing that voters who are still undecided about whom to vote for are seemingly throwing their lot in with Menem, one has to bear in mind that the election is still some days away.

[Neustadt] Let me see whether I understood correctly. There are at present more undecided voters who are opting for Menem, aren't there?

[Carballo] Right. Still, it is also true that there are margins of error in all these surveys, and the results are very close with these margins of error.

[Neustadt] Marita Carballo, from Gallup. [passage omitted] Rosendo Fraga.

[Fraga] Well, I think that the candidate of the ruling party — President Menem — will receive 45 percent of the vote. I think that the number of people who will vote for Bordon has increased over the last two weeks. According to my estimates, he will poll 33 percent of the vote. My poll does not indicate that the votes for Massacessi have increased over the last few days. So if a presidential candidate polls 45 percent of the vote, he wins the election in the first round regardless of the lead he has over the runner-up. [passage omitted]

[Neustadt] Graciela Romer.

[Romer] I partly share Rosendo's views. I do not see growth in the Radical Civic Union [UCR]. On the contrary, I see that voters' preferences are polarizing, not only due to the UCR's dwindling popularity but also because of the minor parties, as the two leading runners in this presidential race are attracting these votes. According to our survey, Menem outstrips his leading rival by 10 points, while the projection for undecided voters... [changes thought] In other words, if the undecided voters continue to behave in the way they have done so far, the ruling party would be voted in during the first round.

[Neustadt] [Hugo] Haime.

[Haime] Well, our data coincides with those of my colleagues. I would like to make it clear, though, that following the results of the last elections, we know that we have to continue to conduct surveys until Friday or Saturday, because there is still part of the electorate that is shifting its preferences. Still, we are clearly seeing that in some provinces in which Senator Bordon had quite a strong lead he no longer has it, as for example in Mendoza Province, where Bordon is losing out to Menem.

[Neustadt] In Mendoza?

[Haime] Yes, in Mendoza. In the city of Buenos Aires, Bordon is no longer well ahead of Menem, as was said at one point This leads us to conclude that if the elections were held today, the ruling party would be victorious in the first round. [passage omitted]

[Neustadt] Julio Aurelio.

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[Aurelio] Our public opinion survey, which has a margin of error of 1.7 percent, shows that Menem will receive a little more than 45 percent of the vote. All the rest is, in my opinion, merely speculation. [passage omitted]

As for Frepaso, we registered a slight increase compared with the survey published on 7 May. This shows a similar tendency to the one that my colleagues commented on. The figure we have at present is that Frepaso will poll 33.3 percent of the vote. This figure has a margin of error of 1.6 percent. [passage omitted]

According to the figures we handle, the UCR would obtain 17.1 percent of the vote, with a margin of error of 1.3 percent. [passage omitted]

Menem would thus win by a margin of 12 points over Bordon. [passage omitted]

Economic Platforms of Leading Candidates Examined

PY1105032395 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1926 GMT 10 May 95

["Special" report for NOTICIAS ARGENTINAS by Daniel Naszewski]

[FBIS Translated Text] Buenos Aires, 10 May (NA) — A survey of the economic ideas of the various experts who advise the three candidates for the presidency of Argentina allow at least some certainties as to what will happen after 15 May, irrespective of who is successful in the polls.

For the time being both Rodolfo Terragno, from the Radical Civic Union [UCR], and Roberto Lavagna from Frepaso [Front for a Country in Solidarity] have declared emphatically that if their parties are voted in, they will not devalue the peso and will further a very strict balance in public accounts. Lavagna keeps saying: "I quit two previous administrations (those of Maria Estela Martinez de Peron [1974-1976] and Raul Alfonsin [1983-1989]) over major disagreements with fiscal policy. Under Alfonsin, I warned about the famous "unrestrained issuance of bonds" pursued by [then economy minister] Juan Sourrouille."

Meanwhile, Terragno's comments often allude to setting up an establishment similar to the Bundesbank, the German Central Bank. This is clearly indicative of his idea of drastically separating fiscal policy from monetary policy. As for his criticism of convertibility, Terragno contends that a workable way out of it must be found before the market imposes it come what may. According to Terragno "for the time being there will be no devaluation" of our currency.

It seems quite pointless to discuss what Economy Minister Domingo Cavallo will do. It is already public knowledge that he will not devalue the peso, and will defend convertibility by devising however many fiscal packages are needed so as not to break his golden rule of not financing the public sector by issuing money without backing (beyond a certain flexibility to which he has consented over these last few months, when there was an obvious economic emergency).

Are these ideas enough to instill confidence in the markets? As far as can be seen, not much. The likely officials of an eventual UCR administration, as well as those of a possible Frepaso administration headed by Jose Octavio Bordon, seem intent to reassure voters that they will neither devalue the peso nor allow fiscal imbalances, while on the other hand they make assurances that they are in favor of very active industrial and export policies and of having a strong state. In doing so they cast some doubts in the minds of worried Argentines, who have long been aware that all these "active policies" are beneficial for those sectors targeted by the policies concerned, while taxpayers always end up shouldering their cost.

Therefore, and in the light of the fact that there are no well-defined economic platforms for one to evaluate, analysts and voters must make do with declarations made in televised debates, at public conferences, and at party rallies. Even so, one can sense that there are many who have their doubts about the true conviction in these remarks.

Many wonder whether they are simply promises to calm down the electorate and dispel the greatest prevalent fear, namely the loss of stability. Others, however, wonder whether these possible government officials, who are convinced that balanced fiscal accounts and the maintenance of the one-to-one parity between the dollar and the peso are for the time being necessary to consolidate stability, will be able to maintain and implement these policies with the same almost fanatical decision that President Carlos Menem and Cavallo have shown over the last few years, maintaining the present economic path whatever the cost.

Lastly there are those who cannot fail to see that what Cavallo is criticized for is precisely what his opponents lack. Specifically, the economy minister is backed by a team of technocrats from the Mediterranean Foundation, which defends convertibility and other central ideas with nearly the same fanaticism as Cavallo. Is this good? Is it bad? It is not easy to say it, but it is obvious that in order to rule a country that has the difficulties inherited from the past that Argentina has, it is necessary to have a team endowed with some basic characteristics, namely

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conviction, homogeneity, and resoluteness. Whether one likes it or not, one does find these three conditions in the present economic team. This is not the case of the two opposition candidates, and it is precisely because of this that they are criticized.

To put it bluntly, the aforementioned analysts — as well as a considerable number of voters — perceive that neither [UCR presidential candidate Horacio] Massaccesi nor Bordon can count on the support of an economic team that has the necessary decision, conviction, and homogeneity to rise to the occasion. Despite this there are many reasons to put one's mind at ease. In the forthcoming 14 May elections one must be thankful that Argentines and their rulers have learned the crucial importance of two words that are indeed magic: democracy and stability. All the rest may be under discussion, but the three political parties vying for the presidency are of one mind concerning this.

Labor Leaders on Future Strategies

Protagonists for Change

95SM0303A Buenos Aires CLARIN in Spanish
12 Apr 95 pp 16-17

[Article by Victor de Gennaro, head of the Argentine Workers' Movement, or CTA — first paragraph is editorial introduction]

[FBIS Translated Text] The technological revolution and increasingly high unemployment rates seem to be exerting pressure on the traditional trade unions, requiring that they adopt different strategies to meet the demands of the workers. This is what the three trade union leaders whose views appear on these pages believe, although they differ notably as to how to deal with the changes that are coming. Cassia, the head of the CGT [General Confederation of Labor]; Palacios, the head of the MTA [Argentine Workers' Movement]; and De Gennaro, the head of the CTA represent the three major factions into which the Argentine trade union movement is currently divided.

What role the trade unions should play is a subject that concerns the entire community, not just certain leaders. The CTA election scheduled for 6 June is intended to convert this concern into an action as a protagonist. The polls indicate that society as a whole, and, therefore, a great many workers, no longer believes in the trade unions. And unfortunately, there are good reasons for this lack of confidence.

On the one hand, organizations that were established when full employment and a vast domestic market was the reigning condition, and which negotiated with businessmen by enterprise branch and could rely on laws that protected the workers against any abuses, cannot be equally efficient in a country where there is no industry, unemployment stands at 12 percent, the state lacks structure, and the "labor" legislation favors the interests of the owners. They are even less efficient when these owners are economic groups that coordinate their actions in various branches of industry and control trade and finance.

Faced with this situation, not only the trade unions, but all organizations, have plunged into crisis. And crisis situations render it compulsory to make a choice. Some leaders have committed themselves to rescuing the trade union structures as if they were businesses, even at the expense of their comrades. They have opted to be "board-of-directors shareholders" instead of representatives of the workers. Others of us are continuing to recruit comrades into the trade unions, so that we can face up to the day-to-day difficulties with organization and proposals. With or without a structure, in the Ministry of Labor or in the streets, in Palpala, in Villa Constitucion, or in the Mataderos slum, we are reasserting the fact that the trade union is not the milieu for leaders' lives. The trade union is made up of those of us who are organized workers waging the struggle for satisfaction of our demands in order to transform society.

Here and There

And there is no valid end-of-the-century argument here. In Argentina in 1995, just as in England in the era of the Industrial Revolution, the trade unions either defend the rights of the worker class or they are not trade unions. The CTA has proposed a new organization to carry out this ancient mandate.

Our proposal is based on: 1) rebuilding the unity of the working class by bringing together the comrades with secure jobs, part-time workers, retirees, the unemployed and the underemployed, either through their trade unions or federations or on an individual basis; 2) electing all of the leaders—local, provincial, and national—by direct and secret ballots cast by each of the members; 3) asserting our autonomy with regard to the political parties, the business owners, and the state.

Based on these principles, we will not only improve our "image," but will also cease to be mere statistics in the surveys on unemployment, and can again become a collective protagonist with the ability to influence (forcefully) the resolution of the dramatic situation we workers and the people are experiencing—regional economies in crisis; wage losses; and lack of health care, education, and welfare provisions.

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In brief, in view of the failure of the government policies, we propose the effective democratization of our society in its economic, political, social, and cultural aspects. As opposed to "every man for himself," our aspiration is to build an Argentina for everyone.

Role of Unions

95SM0303B Buenos Aires CLARIN in Spanish 12 Apr 95 pp 16-17

[Article by Juan Manuel Palacios, head of the MTA]

[FBIS Translated Text] Those who believe that the history of the trade union movement is approaching its end do not understand its nature, or even how old it is. "I shall return, and there will be millions of me," Spartacus cried during the first organized rebellion of the slaves. Eva Peron took up this cry, and in an initial stage in Argentina, rebellion could be peacefully overcome by means of social justice. But the "model" devoured this justice and cast it out. This issue is still pending, and while the demand for justice survives, it will nurture trade union activity. Disraeli maintained that people are not united either by language or by religion, but by shared interests. On a parallel basis, the same is true of individuals, and this is emphasized among those who survive on a daily basis thanks to their own brave personal labors.

In the course of their historical development, the trade unions have contributed to social progress by improving their members' quality of life, but like any kind of organization, they have generated the internal vices, shortcomings, and petty evils characteristic of any structure. In this connection, a comparison with the political parties suffices. This also happens among the trade union leaders whose task it is to administer the formal power of the workers. These leaders, who have been diverted from their goal and have become divorced from those they represent, enter into compromises and prostitute the concept of "negotiation," favoring their own interests and placing them above those of the individuals they represent. And if doubt exists, observe what is happening in the CGT.

Readaptation

The trade union movement will undergo monumental readjustments as a result of the "new" level of flexibility, and, in particular, many trade union leaders will find themselves on the road to unemployment, since "job sources" will be lost. When it first developed, the trade union movement was not in such a good position. At that time there were no laws—none at all, and its goal was to see that laws were established and observed. In the future, unemployment will not lead to a state of "nirvana," least of all in these underdeveloped climes. Instead it will culminate in a more violent society, and that will happen because of the very force of events themselves.

This is more than sufficient reason to consider the problem and resolve it, not from the point of view of public assistance, but rather by giving each what is due him. This will lead the workers' movement into an unquestionable role characterized by protagonism and social control, so that it will no longer become "negligible" following each electoral situation. Nor will the trade union movement become a political party, but it will indeed—as it has in the past—become a political movement, in the sense that on each occasion, it will rally together those who will join with it, and it will work to reconcile the antagonistic interests and social tensions that coexist in any democratic society. These conflicts will continue to exist, but each force will have to grant the other what it requires. And as they will have to survive, no interest group will crush the other, as is visibly happening now, with the trade union leadership showing patience and keeping silent.

Protest Not Proper Path

95SM0303C Buenos Aires CLARIN in Spanish 12 Apr 95 pp 16-17

[Article by Antonio Cassia, head of the CGT]

[FBIS Translated Text] We are stating nothing new when we assert that the world is changing with giant strides, that production factors are being altered on a daily basis, and that with each passing second, a new technological advance reduces the volume of manpower needed and increases the level of skill required.

Our country is suffering, to a greater or lesser extent, from these changes that we might call evolutionary or involutionary, depending on the profound philosophical basis adopted for the analysis of the phenomenon. However, a special characteristic of these changes is that there is an international unemployment crisis due to other causes, and we find ourselves seriously involved in it.

Tactics and Strategies

Within this context, the trade union leadership of today—because tomorrow is already with us—will have to revamp its strategies and tactics, the indispensable elements in making any decision. The "what" it is we want, and the "how" we will achieve it, the old pairing of the means and the end, require basic definitions. For example, we must define the role the workers will play in the new society that is coming. Special mention was made of this aspect recently at the International

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Conference on Poverty organized by the United Nations, and it was concluded that the reformulation of the social contract is an urgent requirement for the civilized nations.

Promoting training, generating replacement options for the current manpower force, intensifying the exchange of experience—these are among the initiatives that a trade union movement adapted to the present circumstances should promote. However, this should not be taken to be all that is involved in its role as a legitimate source of pressure, although in this connection, we could continue to debate forever whether we should adopt a combative or conciliatory approach.

Social Peace

The General Confederation of Labor of the Argentine Republic believes that the trade union movement should reflect the desire for social peace that is to be found among the workers, rather than generating a reactionary spirit, because this is simplistic and hinders participation in the development of decisions of overwhelming importance.

Participation can be viewed as a way of facilitating the advance of the employers' desires, or as the best way of making the best of the inevitable. Or are there those, perhaps, who think that by protesting we can prevent technology from carrying us forward? Participation is the path we should follow to ensure that our complaints are heard, to propose improvements, to study the causes and effects of each change, to encourage worker participation in the capital of enterprises. And, in the final analysis, to change the role of the trade union movement from that of an observer so that it can ride the crest of the wave and act as a protagonist in change. The trade union movement of the future must not only make an educational effort within itself, but must also wage a determined effort with those outside it, because just as we workers accept the inevitability of change, so must the business community, which in these climes is unaccustomed to accepting its role as a tool in a better system. The humanization of capital so ardently preached in the teachings of the church in recent years appears to be a much more difficult goal to achieve than any other we might impose upon ourselves.

There are many major enterprises throughout the world that have for years been promoting participation by their workers not only as stockholders, but in management itself. Except for the experience resulting from the privatizations, an understanding of this concept in our country still seems very far away. For this reason, we enthusiastically support the proposal at the most recent International Conference on Poverty organized in Denmark by the United Nations that called for the reformulation of the social contract, since the role of the state also needs to be redefined.

Bolivia

Treasury To Absorb Debt of Privatized Enterprises

PY1005145095 La Paz PRESENCIA in Spanish 26 Apr 95 p 7

[FBIS Translated Text] The Executive Branch has issued Supreme Decree No. 23991, which authorizes the sale or auction of all public enterprises. The decree states that debts of all these enterprises will be absorbed by the Treasury, that is, by the state.

The decree does not include the six largest public enterprises: ENTEL [National Telecommunications Enterprise], YPFB [Bolivian Government Oil Deposits], ENDE [National Electricity Enterprise], ENAF [National Smelting Enterprise], LAB [Lloyd Bolivian Airline], and ENFE [National Railway Enterprise]. They will be capitalized according to a special system. The decree includes 150 small enterprises, half of which will be privatized this year and the other half during 1996. Among the most important are the Dairy Products Processing Plants (PIL) of La Paz, Cochabamba, and Santa Cruz; the Santa Cruz Spinning Mill; Inmetal [expansion unknown] of La Paz; and the Terminal Hotel of Oruro. Also included are some prefectural hotels and other small enterprises. Bids have been called for the privatization of the first four.

Article No. 18 of the decree states: "Public entities that own enterprises will absorb all their overdue tax debts." The Treasury will "grant the public entity in arrears the amount of money equivalent to the absorbed debt."

The decree approved by President Gonzalo Sanchez de Lozada and his cabinet regulates Law No. 1330 of April 1992, by which the previous administration authorized the privatization of several public enterprises.

The decree states that government intends to reorganize the economic activities by transferring production to the private sector, reducing the public deficit, and increasing productivity.

Public enterprises will be transferred to the private sector either by sale, dissolution and future sale, or through the establishment of mixed enterprises.

According to official estimates, the sale of 72 enterprises may generate an additional $100 million this year. This will be invested in projects of regional economic and local social infrastructure. The money may also be used as our counterpart in credits for social projects.

The National Development Council (Codena), an organization under the Capitalization Ministry, will regulate

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and control the privatization of these companies, which the decree refers to as reorganization.

The decree orders the creation of the Unit For Reorganization, which will carry out the transfer plan and establish conditions for the participation of the workers in the companies to be privatized. Workers may buy shares up to the level of their social benefits.

The Capitalization Ministry will advise Codena of the strategies for reorganization, and will approve biddings and auctions. The companies will also be offered in the Stock Exchange and independent evaluators will be contracted to establish their value.

The funds from public companies that do not belong to the Development Corporations will be transferred to the Social Investment Fund (FIS), the Peasant Development Fund (FDC), and the National Fund for Regional Development (FNDR).

Brazil

Patent Rights Bill Rapporteur Suassuna Interviewed

PY1005133895 Sao Paulo FOLHA DE SAO PAULO in Portuguese 8 May 95 Section 1 p 4

[Interview with Senator Ney Suassuna, of the Brazilian Democratic Movement Party, by Raquel Ulhoa — place and date not given]

[FBIS Translated Text] [Ulhoa] You took over the post of Senator Antonio Mariz, who is now governor of Paraiba State, and you immediately offered to be rapporteur of the Patent Rights Bill, which is considered one of the greatest controversies in Congress. Why did you do that?

[Suassuna] I thought I could render the country a service. I realized that the bill could fall into the wrong hands after being handled by Senator Mariz (who was the former rapporteur). Although I do not like to overestimate or underestimate myself, I follow my grandfather's dogma: Equal to us: a few; worse than us: nearly everyone; better than us: nobody.

[Ulhoa] The bill has been under discussion in Congress since 1991. It is about industrial property. Did you know about the subject?

[Suassuna] No. When I took up the subject from the CCJ (Constitution and Justice Committee), I began to read everything about patent rights. I had to adapt the text to the Uruguay Round of the GATT agreement talks, which was approved after the patent rights bill was approved in the Chamber of Deputies. The GATT is made up of 17 agreements which are not marvelous for Brazil, but which must be respected because it was approved by our Congress, even though it was approved in haste and without the necessary number of senators (41).

[Ulhoa] Was the voting session held in an irregular manner?

[Suassuna] The documentation on the Uruguay Round of GATT talks arrived in the Senate 10 days before the congressional term concluded. It was a 300-page document, written in French, leading to a situation that is prohibited by our law. It was not translated. Foreign Minister Celso Amorim exerted great pressure. He said that the senators could only say yes or no to the bill. He said it was important for Brazil because it ended bilateral retaliation. There was so much pressure that even without the necessary quorum, it was approved. Senator Josaphat Marinho (PFL-BA) [Liberal Front Party-Bahia] asked that it be noted for the record that the voting session was carried out under irregular conditions.

[Ulhoa] What does holding the patent rights of a product mean?

[Suassuna] An inventor registers his invention and holds a monopoly with regard to its production and sale in the country that granted the patent for 20 years. During this period of time, he receives royalties for his invention and he can grant licenses for others to exploit it.

[Ulhoa] The GATT determines that the signatory countries must acknowledge patents for microorganisms, and this is the most controversial point of the law. Do you think it is correct to patent a living being?

[Suassuna] That was one of the points of my bill that so annoyed the nationalist left, which does not want the patenting of living beings, while other countries want Brazil to allow any kind of microorganism to be patented. In the bill, I do not contemplate the patenting of any natural microorganism. Only microorganisms that have been reengineered and whose chromosomes have been modified in the laboratory can be patented. Another important thing: The patent will be granted for a specific purpose. What did the other countries want? They want patents to be granted for reengineered microorganisms without specifying the purpose for which they were created or invented. Look, this is an "umbrella patent." Any other purpose that may be discovered for that microorganism would already have an owner.

[Ulhoa] Brazil is suffering trade retaliation threats from the United States because it does not protect the industrial property rights of pharmaceutical products. What kind of pressures did you receive with regard to recognizing patents on medicines?

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[Suassuna] I received all kinds of pressures. First, from the left, represented by nationalist unions, which do not want the recognition of any kind of patent. Then from the church, from farmers, the government, embassies, foreign laboratories — in all, from 150 organizations. For example, The Alanac (National Pharmaceutical Laboratories Association) [Associacao dos Laboratories Farmaceuticos Nacionais] was one of the most active nationalist institutions.

[Ulhoa] How were the pressures in favor of the multinational companies?

[Suassuna] For example, once the law is sanctioned, the foreign laboratories want Brazil to recognize patents that are granted in other countries but that pertain to products still not offered for sale (which is a procedure known as "pipeline"). Look, this would mean that the product would lose its originality, which is essential for patenting it. If I allowed the "pipeline," a five- to eight-year retroactivity would have to be recognized for pharmaceutical products, and the foreign laboratories could file a lawsuit to charge royalties from the Brazilian laboratories for the medicines copied during that period of time. Brazilian laboratories would have to pay them $4.8 billion. This means that 328 laboratories would go bankrupt.

[Ulhoa] Has any company offered you a bribe to make you change your mind?

[Suassuna] Not directly to me, but some of my friends were contacted to see whether I would accept one. Thank God, the answer was that Ney does not need a bribe, nor would he accept one.

[The same newspaper carries, on the same page, a 100-word insert that notes: "Senator Esperidiao Amin (Progressive Renewal Party-Santa Catarina) is opposed to the patenting of microorganisms, and he presented nine amendments modifying Suassuna's submission, which must be voted on by the CCJ on 10 May. Amin considers the adoption of a patents system for biotechnology 'dangerous and premature.' 'Not even the industrialized world has been able to design a patenting system protecting biotechnological inventions without creating controversies and contradictions,' Amin said."]

Senate Committee Postpones Voting on Patent Law

PY1005152695 Sao Paulo AGENCIA ESTADO in Portuguese 1420 GMT 10 May 95

[Report by Aldo Renato Soares]

[FBIS Translated Text] Brasilia — The Senate Constitution and Justice Committee [CCJ] has postponed the vote on the patent law until 17 May. PMDB [Brazilian Democratic Movement Party] Senator for Goias Iris Rezende, the CCJ president, ended today's committee session claiming that other meetings should be held in the Senate, like the one summoned by Congress President Jose Sarney (PMDB) (AP [Amapa] to install the Mercosur [Common Market of the South] Mixed Commission. Meanwhile, the controversy over the proposal by rapporteur Bernardo Cabral (PMDB) (AM) [Amazonas], on the Senate session that turned down a presidential veto suspending application of the TR [Reference Interest Rate] to rural credit, is considered the main reason for canceling the CCJ session. PMDB Senate leader Jader Barbalho has said his party would like to continue to discuss the patent law. The main doubt centers around microorganisms.

Minister Reports Foreign Pressure on Import Tariff Hike

PY1005182595 Sao Paulo GAZETA MERCANTIL in Portuguese 8 May 95 pp A1, A9

[Article by Marcio Aith]

[FBIS Translated Text] Three formal protests that the United States, Japan, and the EU submitted to the World Trade Organization (WTO) prompted Brazil to reconsider its position in April, when it reduced import duties on 23 of the 109 products whose duties had been increased to 70 percent in March.

This information was released by Foreign Minister Luiz Felipe Lampreia, who accompanied President Fernando Henrique Cardoso on his visit to London. The minister said the three claims, which were made "some 15 days ago," contend that the increased duties violated specific rules of the Uruguay Round of GATT Talks of 1986.

Lampreia explained: "The agreement stated that after the Uruguay Round, duties should be gradually reduced to zero by 2000. The agreement also established that the maximum duty that could be charged should not surpass the rate at the time the agreement was signed. The three protests specified that Brazil raised some duties beyond the 1986 level. That is why we reconsidered our decision."

Durable goods are basically the products on which duties were reduced. He added: "Japan tried a formal claim on cars, but could not implement it because in 1986 our tariffs surpassed 70 percent. Japan made only political protests."

The information given by Lampreia does not contradict the explanations supplied by the government, which has never denied the existence of formal protests. Yet statements by ministers and President Cardoso himself hinted that it had been an internal decision, that the

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Finance Ministry had concluded that importing such products did not affect inflation indexes.

On 6 May, President Cardoso hosted a press conference for foreign journalists. He optimistically spoke about the constitutional reform process and about privatization. Asked if the increased duties on cars was a return to the past, Cardoso replied: "The increase sought to regulate the balance of payments, not to protect Brazilian industry," adding that the government has a timetable for reducing tariffs.

On 7 May, before leaving for Brazil, Cardoso said the government should carefully monitor the rate of economic growth, although he attached relative importance to the measures he has used to reduce it. He said: "The Brazilian economy is very large. If you want to slow it down, you do not know for sure where you will go."

The president added that he would like to implement a tax reform before the end of the year, "so that it comes into force in 1996." The matter was also mentioned by foreign journalists who wanted to know the reasons for the delay.

Cardoso said the proposal that the government will submit within a few months will be negotiated with the governors. He said no date has been specified for the reform, noting however that it cannot be implemented early; to avoid hindering current negotiations over other reform topics, nor yet too late; to avoid impeding the implementation of the reform in 1996, by virtue of the taxation principle of earlier regulation.

Concerning privatization, Cardoso suggested those who believe the Brazilian process is too slow should read the British magazine THE ECONOMIST. He said: "Read the magazine; it says we are privatizing even faster then Great Britain." Two weeks ago, the magazine published special articles on the Brazilian situation, which GAZETA MERCANTIL has republished in Brazil.

The president said political disputes over government posts are normal. He said Transport Minister Odacir Klein will remain in his post despite conflicts with Chamber of Deputies President Luiz Eduardo Magalhaes, which reportedly weakened Klein's position within his own party. "Since the beginning of my government I have said that skillfulness and honorable behavior are the criteria for electing ministers. If they are also supported by their parties, much better."

Minister Estimates Privatization Revenues

PY1005171195 Sao Paulo AGENCIA ESTADO in Portuguese 2335 GMT 9 May 95

[Report by Carlos Franco and Tania Monteiro]

[FBIS Translated Text] Brasilia, 9 May (AE) — The government expects to obtain more than 1.2 billion reals [R] within the next four months through the privatization of Espirito Santo Power Plants, Inc. (Escelsa) and through the sale of government-owned shares of seven petrochemical enterprises. Additionally, the government will next week begin to discuss the model for privatizing of the Rio Doce Valley Company (CVRD). This announcement was made today at Planalto Palace by Planning Minister Jose Serra, after a meeting of the National Privatization Council.

Serra reported that the government set the minimum value for Escelsa — 72 percent of the Escelsa capital belongs to the government — at R578 million, and the value of its shares in petrochemical enterprises at R800 million. The shares, which will be on sale as of July, include 36.1 percent of Copene [Northeastern Petrochemical Company] — which is the raw material center of the Camacari petrochemical center — and 29.3 percent of Salgema — which is the main Alagoas petrochemical center enterprise.

Serra said the date for auctioning Escelsa will be announced through a resolution before the end of the month. Privatizations in the petrochemical sector were discontinued at the end of the Itamar Franco administration because of charges that the process was creating monopolies, like the Odebrecht Group styrofoam monopoly.

The price of 100 percent of Escelsa shares was set at R578.2 million, but the price at the auction will be 72 percent of this figure, of which R191.3 million may be paid with privatization certificates, and the rest in cash, on a two-to-one basis. The government will, however, keep 14 percent of Escelsa shares.

The strategy, Serra said, is to wait for the share value to increase and to sell them then. The shares that can be paid for using certificates corresponds to the Account of Results for Compensation (CRC). This account reflects relations between Escelsa and the electric power system, under the policy of equalization of prices, and which corresponds to the debts that the Union owes Escelsa and that have not been converted into bonds.

The minister added that with the sale of petrochemical company shares, 90 percent may be paid with privatization certificates, which are the country's internal and external debt bonds, and 10 percent in cash.

Light [Power Services, Inc.] should be sold in 1995 for R4 to R5 billion, according to an estimate made by the planning minister. Serra said the studies for reappraising the value of Light — which distributes electric power in Rio de Janeiro — should be concluded soon.

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He also admitted that studies are being made to divide Light into two parts in order to facilitate the sale. The enterprise owns 47.8 percent of Eletropaulo [Sao Paulo Power, Inc.] shares. This way, the enterprise will be sold without the Electropaulo shares, because Eletropaulo's debts could cause the price of Light to drop.

Serra was optimistic about the international situation and about the possibility of attracting foreign capital to the National Privatization Program (PND). Listing a series of news items that are favorable to Brazil and to Latin America, the minister leaked: "In my capacity as government minister, I cannot take sides, but it is undeniable that a Menem victory would help the Argentine situation and the international situation."

The elections in that country will be held on 14 May. Serra added: "I will not say I am shouting for him, but I would not be displeased by a Menem victory, obviously from the Brazilian point of view." He then tried to go back on his words by saying that he has relatives in Argentina, but that he is not asking anyone "to vote for this or that candidate."

Eight Deputies Shift to President Cardoso's PSDB

PY1005180095 Sao Paulo AGENCIA ESTADO in Portuguese 2314 GMT 9 May 95

[Report by Christiane Samarco]

[FBIS Translated Text] Brasilia, 9 May (AE) — The PSDB [Brazilian Social Democracy Party] today reported that eight new deputies have joined the party. PSDB Deputy for Amazonas Arthur Virgilio Neto said: "With these new members, we have 73 lawmakers in the Chamber of Deputies, and we expect to have 80 within the next 30 days." The PSDB dream for 1995 is a bloc of at least 100 deputies to support President Fernando Henrique Cardoso.

The new PSDB members come from the PPR [Progressive Renewal Party], PTB [Brazilian Labor Party], PSC [Social Christian Party], PMDB [Brazilian Democratic Movement Party], and PP [Popular Party]. The PSDB, which until today had no deputies in Sergipe — even though State Governor Albano Franco is a PSDB member — now has three deputies: Jose Teles and Cleonancio Fonseca, who came from the PPR, and Adelson Ribeiro, an ex-PMDB member. Three PP deputies — Luiz Carlos Hauly (Parana), B. Sa (Piaui), and Joao Maia (Acre) — have moved to the PSDB. In Maranhao, ex-PSC Deputy Marcia Marinho joined the PSDB, and in Amapa, Antonio Feijao left the PTB to join the PSDB.

Arthur Virgilio said: "The operation will not end there because we believe we can grow without losing quality." This reflects the prevailing idea within the PSDB national executive board, of which Virgilio is a member. He emphasized that these new members joined the party for political reasons and this does not jeopardize the party profile. He explained: "The PSDB is a school that admits graduate social democrats as well as men and women of good faith who believe in social democracy and who believe they can join us."

PMDB Threatens To Form Alliance With Leftist Parties

PY1005201395 Rio de Janeiro JORNAL DO BRASIL in Portuguese 8 May 95 p 2

[Article by Sonia Carneiro]

[FBIS Translated Text] Brasilia — The PMDB [Brazilian Democratic Movement Party] has threatened to ally itself with leftist parties for the vote on the amendment that ends the monopoly of national enterprises. The vote will take place on 10 May at the plenary session of the Chamber of Deputies. The move also includes a vote on the work of the special commissions that are studying proposals to break the telecommunications monopoly and to end the closed market in the coastal navigation sector. Deputy for Sao Paulo Michel Temer, the PMDB leader in the Chamber of Deputies, will today create a commission to design, within 60 days, its own social security reform proposal.

"It is the PMDB, not the PFL, which is leading the work on the reforms," Temer said. The leaders of the five leftist parties — the PT [Workers Party], the PSB [Brazilian Socialist Party], the PDT [Democratic Labor Party], the PC do B [Communist Party of Brazil], and the PPS [Popular Socialist Party] — will enthusiastically study the possibilities of reaching agreement with the PMDB on 9 May. PT leader Jacques Wagner (Bahia) admitted that "the path is now shorter." The exchange of offenses between Transport Minister Odacir Klein — who referred to Chamber of Deputies President Luiz Eduardo Magalhaes (PFL) (Bahia) as a "pretty boy," ["boneca"] and who was in turn christened "The Mercosur [Common Market of the South] Barbie" by Senator Antonio Carlos Magalhaes, the father of Luiz Eduardo Magalhaes — encouraged talks between the PMDB and leftist parties.

Temer said: "The PMDB is open to negotiations with the opposition." He said he will show the proposal to government allies and negotiate with them before the reports are voted on at the special committees. The PMDB intends to assume command of the reforms, yet without abandoning the government support base. Temer said: "Traditional PMDB members will vote for the continuation of the petroleum monopoly."

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PMDB Disagrees With Cardoso's Position on Tax Reform

PY1105014095 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 9 May 95 p A4

[Article by Claudia Carneiro]

[FBIS Translated Text] Brasilia — The PMDB [Brazilian Democratic Movement Party] quickly replied to the two messages it received from President Fernando Henrique Cardoso, in which he said he would not negotiate political posts in exchange for votes to approve the economic reforms, and that he would postpone sending the tax reform proposal to Congress. "Congressmen will vote according to their consciences," said PMDB President Luiz Henrique (SC) [Santa Catarina] yesterday. His words were supported by Deputy Michel Temer, PMDB leader in the Chamber of Deputies.

The PMDB leaders wanted to clearly establish that the party is not applying pressure for posts, but also that it would neither give up the ministries it has nor the tax reform, which is considered a matter of honor for the PMDB.

"The important issue is not the government posts, but a solution to inflation and national development," said Luiz Henrique. "President Cardoso's message about the fight for government posts does not affect the parties, just the deputies," Temer added. However, the government's retreat over the tax reform — the president said in London that the proposal would be sent to Congress by the end of the year, once society understands its need — has displeased the PMDB, which has its own tax reform proposal ready.

"The tax reform is a priority for the party, and the amendment by Deputy Luiz Roberto Ponte (PMDB-RS) [Rio Grande do Sul] is already being discussed," said Luiz Henrique, who added that the project is not an exclusive initiative of the president of the Republic. "The Ponte amendment is a moving train, and we will ride on it," he said.

Temer thinks it is possible to approve a tax reform this year if the government sends down its proposal within the next 60 days. As far as Temer is concerned, the president will be carrying out a "politically correct" action if he sends down the tax reform within the mentioned period of time, in order to gain time for the voting on the economic amendments while at the same time attempting to get the social security reform to take off. Temer believes, however, that if the government "touches" the revenues of the municipalities it will ruin any chances for the changes it wants in the tax system. "The federal government will have to negotiate a deal with the governors and leave the municipalities in peace," Temer said.

Chile

Government To Assist Cardoen in Defense Before U.S. Courts

PY1005210295 Santiago Universidad Catolica Television Internacional in Spanish 1800 GMT 10 May 95

[FBIS Translated Text] Chilean entrepreneur Carlos Cardoen has stated that the Chilean Government has provided him with secret documents to assist him in his defense before U.S. courts.

Cardoen held a meeting this morning with Foreign Minister Jose Miguel Insulza to discuss issues pertaining to the trial over the alleged import and illegal sales of war materiel to Iraq.

Cardoen explained that the Chilean Foreign Ministry has handed him valuable information proving that the U.S. Government was aware of his business transactions.

Foreign Minister Jose Miguel Insulza denied that the Chilean Government plans to intervene in the case. He did specify, however, that the Chilean Government intends to grant Cardoen all possible assistance to help him in his defense before the U.S. courts.

Deputies View Creation of Ethics Committee

95SM0290A Santiago EL MERCURIO in Spanish 2 Apr 95 p C2

[FBIS Translated Text] Valparaiso—The Chamber of Deputies has unanimously agreed to the creation of an Ethics Committee that will make it possible for the members of Congress to exercise self-control in their actions as public servants as well as in their legislative and supervisory functions.

The creation of an Ethics Committee for the Chamber of Deputies was approved unanimously last 21 March by the 103 members of that body who were present in the chamber. They authorized the chair to propose—within a period of 60 days—the bylaws of the committee, the procedure for its composition, and its functions.

The issue of congressional ethics is not new, inasmuch as it has been raised repeatedly for over two years both in the Chamber of Deputies and in the Senate in the form of motions and jointly sponsored bills none of which has prospered, for reasons that in the case of the Chamber of Deputies were more procedural than substantive.

Two years ago Deputy Jorge Schaulsohn (PPD [Party for Democracy]) introduced a bill to create an Ethics

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Committee in both houses of Congress. The bill was voted down in the Chamber by a margin of 39 to 24.

Deputy Gutenberg Martinez (DC [Christian Democracy]) subsequently introduced a jointly sponsored bill that was not voted on because of a belief that it should be studied beforehand by the Internal Affairs Committee.

In June of last year, a majority of the senators opposed the proposal by Senate President Gabriel Valdes (DC) to create an Ethics Committee and to have the issue of congressional ethics constitute a new chapter in the Senate's bylaws.

The main argument for rejecting this proposal was the fear that the majority forces could use the committee for political advantage if its composition, the scope of its activities, and its powers were not specified. This continues to be the Senate's position.

The situation that the National Congress has had to face in recent months, primarily because of the accusations of possible drug use by its members—accusations that were made by Francisco Javier Cuadra, a former cabinet minister of the military regime, and subsequently corroborated by Independent Deputy Evelyn Matthei and supported by Deputy Pablo Longueira of the UDI [Independent Democratic Union]—has made the deputies quite amenable to the creation of an Ethics Committee in the Chamber of Deputies.

There are differences, however, concerning the membership of the committee, its powers, and its jurisdiction. Moreover, should limitations and safeguards be established, or should the committee have considerable freedom to act? There are also those who believe the committee might not need to be permanent but instead have the sole function of drafting a Code of Ethics.

According to Deputy Alberto Espina (RN [National Renewal]), a choice must be made between two alternative courses. One course would be for the Chamber of Deputies to have a Code of Ethics to clearly establish the border between what is considered to be unethical conduct in the exercise of public office, on the one hand, and lawful conduct that does not always wind up within the framework of the law, as for example conduct relating to influence peddling, secret information, accusations made responsibiiy, and inspections.

The second course would be to create a Permanent Ethics Committee in the Chamber, and—most importantly—to establish what its jurisdiction and powers should be and who would be able to convene it.

Espina stated that an Ethics Committee could offer many advantages, because—among other things—members of Congress could consult the committee in case of doubt concerning matters that they might have to deal with in the performance of their duties.

He added that there may also be risks, the most obvious of which is the fact that the committee would be formed on the basis of the acceptance of the principle of majorities and minorities, which would give control over ethics to the political majority and could lead to abuses of power. Given that possibility, Espina wants a study to be made of the committee's composition, powers, and procedures and also wants to determine whether the committee should be permanent or exist just long enough to draft a code of ethics that would resolve the doubts of the members of Congress.

Deputy Aldo Cornejo (DC) favors a committee that would consist of permanent members who would be appointed not by the political parties but in accordance with some other formula. "I am very optimistic," he said, "that the committee would function well provided no one attempted to exploit it. If such an attempt were made, it would mean the immediate demise of the committee."

Deputy Carlos Bombal (UDI) believes it is important that the president of the Chamber of Deputies be the one to propose the mechanism for establishing the Ethics Committee.

Bombal believes that what is needed is not the creation of a Code of Ethics but the inclusion of certain basic standards of ethical behavior in the Chamber's bylaws. "However," he said, "ethics should begin with the requirement that all members of Congress be prepared to give a public accounting of their acts in all matters of interest to the public, which means in practice all matters that relate to their duties. I do not agree that we should begin by establishing all sorts of reservations and safeguards."

Deputy Jose Antonio Viera-Gallo (PS [Socialist Party]) also said he preferred that the Committee center its attention on the moral and ethical behavior of the members of Congress in all matters that are of importance to the public and that can affect the public administration. He believes a Code of Ethics is not necessary and that general standards should be established in the Chamber's bylaws instead.

Party Leaders React to Jarpa Statements

95SM0290C Santiago LA NACION in Spanish 10 Apr 95 p 6

[By M.P. Moya and M. Oliva]

[FBIS Translated Text] National Renewal [RN] President Andres Allamand has rejected the implication that

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the return of former Senator Sergio Onofre Jarpa to the political scene means that Jarpa questions his performance at the helm of the party.

"I think it is a good thing," Allamand said in commenting on the reemergence of Jarpa. This is because, he explains, "Jarpa is an important figure in Chilean politics, and I have always believed that everyone who feels a strong motivation to participate has an obligation to do so."

Allamand denied that his leadership is in danger. "That would be engaging in speculation," he said. "I see no threat at all in the former senator's return to political life."

The central argument wielded by Jarpa to justify his reemergence was his declared intention to "fight against everything that threatens my country and my fellow countrymen." When questioned as to whether such threats exist in Chile at the present time, he said he had not discerned any "except," he added, "for those that derive from the fact that we have not been moving forward resolutely in respect to modernization nor have we been dealing adequately with our problems."

Meanwhile, Senator Sebastian Pinera—whose differences with Jarpa are well known—commented without emotion on Jarpa's reemergence. "As the former president of the party and a former senator," he said, "Sergio Onofre Jarpa has every right in the world to return to political life whenever he decides to do so." He explained, however, that this "does not mean that there is a leadership crisis within the center-right, much less within the RN."

Pinera added that the party is performing well and that "Sergio Onofre Jarpa will hopefully make a contribution to the good progress made by National Renewal in recent times."

The cautious reaction of Allamand and Pinera stood in contrast to the response of Senator Miguel Otero. "I applaud Jarpa's decision," Otero said. "I think it was an excellent decision."

Otero maintained that the retirement of the former RN president had been "a hasty decision by someone whose reputation was at its peak, because if he had not retired we would have had one additional senator and would actually have avoided a number of problems within the center-right."

He ruled out any possibility that Jarpa's decision implies criticism of the party or of Allamand personally, because in reality there are no differences between Allamand and Jarpa. "Do not forget," he says, "that Andres was, after all, a protege of Jarpa, who has always supported him without reservation."

Otero went on to say that Chile has serious problems that derive primarily from the "absolute contradictions" within the government—contradictions against which his group has taken a forthright stand. "I believe," he said in conclusion, "that Jarpa feels he has to play a role in this struggle and join those who are in the arena every day."

The DC: The 'Return' of Someone Who Never Left

In the opinion of DC [Christian Democracy] Vice President Jorge Pizarro, Sergio Onofre Jarpa has never left politics, because, Pizarro said, "he is always pulling the strings of a hard-line, traditional, conservative, and reactionary right."

"Jarpa," Pizarro said, "is the leader of an important sector within the RN that felt it had been forced to take a back seat to the party's young leadership, which is advocating a right that is more progressive and democratic." He explained that in the light of the problems that this leadership is facing today, Jarpa has proclaimed his "return" as a warning that he is capable of regaining his leading role. "This means," Pizarro said, "that Jarpa will be able to take over the party leadership at the opportune moment."

Pizarro believes that Chile sees "very clearly that there has been an effort on the part of some sectors within the National Renewal party and also within the UDI [Independent Democratic Union] and the most extreme faction of the right to curtail the political projection of Andres Allamand."

The former senator, Pizarro concludes, "is the very personification of that sector of the right, and it is therefore no surprise that he is moving to the front of that sector at this moment."

The PS: He Polarizes the Debate and Strengthens the Right Wing

Sergio Aguilo, leader of the PS [Socialist Party] group of deputies, also commented on the reappearance of Sergio Onofre Jarpa on the political scene. "The RN's famous democratic youth patrol," he said, "to which Alberto Espina and Andres Allamand belong, has unfortunately been completely marginalized within its own party."

"Jarpa's involvement in this situation," Aguilo insisted, "has to do with the clarification of the assassination of Orlando Letelier at the hands of the DINA [National Intelligence Directorate], because we are about to have the Supreme Court hand down a definitive verdict, while

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in Italy a decision is about to be rendered concerning the attack on Bernardo Leighton and his wife."

"It is in Jarpa's interest," Aguilo concluded, "and in the interest of other mourners of the dictatorship who are sheltered even in military institutions, to have a smoke screen obscure the ethical and moral consequences that will result from these developments."

For his part, Senator Carlos Ominami (PS) believes that "Jarpa's reemergence serves to strengthen the hard-core right wing and will increase the polarization of the political debate. Moreover," he said, "it could constitute an attack on Allamand's presidential aspirations."

Colombia

Prosecutor General Faces 'Difficult Task'

95CA0211A Santa Fe de Bogota SEMANA in Spanish 25 Apr 95 pp 44-45

[FBIS Translated Text] There is a somewhat crude saying used to describe a situation in which all the dirty laundry is suddenly brought out: "The shit hit the fan." And that is what happened in Colombia last week as a result of measures taken by the nation's prosecutor general. As the fan blades go round and round, no one knows precisely what is going to happen or to whom.

Despite its brevity and restraint, the concise six-paragraph-long bulletin issued by the Prosecutor General's Press Office is the most explosive document that Colombia has seen for many years. Technically speaking, it does no more than mark the opening of an investigation into the illegal enrichment of members of Parliament and a journalist and the transfer to the Supreme Court of probative material on several congressmen and the comptroller general, all of which will enable the Court to determine whether there is cause for undertaking further investigations.

Nonetheless, the legal technicalities involved in the case are insignificant compared with the moral and political ramifications of the prosecutor's decisions. Basically, it is not just a few individuals who are "on trial," but rather an entire political class and thereby, all of society.

In Colombia, this is taking the bull by the horns. Politics has been so contaminated by drug trafficking in recent years that it seemed difficult to single out cases. The "drug tapes" revealed the far-reaching nature of political connections with the Cali Cartel. Through them, it was determined that what had at first been considered a phenomenon limited to the Cauca Valley ended up being a national phenomenon.

All of this, which was a gradual and, in a certain sense, underground process, was discovered by Colombians this past year. Since then, no one has been quite sure just what might happen. In the midst of all the gossip, scant proof, and pressure brought to bear by the United States, the political atmosphere became rarified, but nothing concrete happened. Now, however, with Eduardo Mestre in jail, Alberto Giraldo a fugitive, and nine members of Parliament and the comptroller general under investigation, serious business lies ahead, because if they are guilty as charged, much of the political class is guilty of the same. A handful of persons enjoying national prominence will not just sit back and allow themselves to be turned into martyrs for an entire society that accepted and tolerated such coexistence for years, especially when the sanction that could be imposed is neither social nor moral, but criminal, ie., involving prison.

The prosecutor faces the difficult situation of turning improper behaviors that are collectively tolerated into crimes. That is what happened to parliamentary aides when the new Constitution went into effect under the administration of Cesar Gaviria: At one point, all the councilors had warrants out for their arrest, but in the end, all were released, however, the result of the tremblor is that there are no more parliamentary aides.

This incident may end up being a reference for the current case. Prosecutor Valdivieso achieved something that was indispensable in Colombia: a moral condemnation in the light of society's reason. He has the entire "healthy" country around him, but in practice, the grounds for his accusations could end up being more moral than legal. Basically, what is in doubt is the financing of political campaigns with money from drug trafficking, whose discovery set off this chain of events. Nevertheless, it will not be easy to demonstrate such financing because the money was usually in the form of cash.

However, several of the protagonists in last week's events do not think that the payment of a few bills during the political campaign constitutes illicit personal enrichment. Consequently, they are going to argue that an election campaign is a collective process with political purposes rather than an individual search for profit. Furthermore, if they did finance expenditures, it was within that context. They will also argue that in a campaign tour, it is very difficult to know who pays.

All of these views will be heard, only illustrating how the ethical borders in Colombia have become ever more bendable. The country made the mistake of considering that Pablo Escobar was the evil and that consequently, all of his enemies were good. Since Escobar's main enemies were the Rodriguez Orejuela brothers, they were identified as the "good" drug traffickers.

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The country got in bed with the Cali Cartel and is now getting a rude awakening. As a result, there is growing awareness that the evil was not the individual Pablo Escobar, but drug trafficking in general. And yet, this discovery came rather late, which makes the task of the Prosecutor General's Office very difficult, however, while it is possible that rough waters lie right ahead, what is happening in Colombia is healthy.

Evidence Implicating Mestre Discussed

95CA0223A Santa Fe de Bogota SEMANA in Spanish 2 May 95 pp 27-29

[FBIS Translated Text] Monday of last week was a bad day for former Senator Eduardo Mestre Sarmiento. He was nervous, restrained and disconcerted during his second questioning by a "faceless" judge. Mestre had emerged from his first examination, which took place a day after his capture, with flying colors. Displaying his great oratorical skills, the Liberal politician came out of the Prosecutor General's Office as a standardbearer in the fight against drug trafficking and a defender of extradition. He pointed out that in 1982, he had been the reporter for the law passed by Congress that gave the green light on the matter.

However, things suddenly turned dark Monday when a distorted voice—that of the faceless judge—got right to the heart of the matter and, on the other side of the little booth where Mestre was sitting with his lawyer, asked him to describe his relationship with the journalist Alberto Giraldo. From then on, the rhetoric of the former member of Parliament moved into a different plane in answer to specific, direct questions. Mestre told the Prosecutor General's Office that his relationship with Giraldo went no further than that of any politician with a journalist.

Mestre's answer did not satisfy the Prosecutor General's Office, however, the evidence gathered over an 8-month period by a team of special prosecutors working with the Cali Joint Task Force shows that the relationship between Mestre and Giraldo transcended that of a mere professional relationship.

Based on the evidence, Mestre and Giraldo shared much more than the routine exchange of information that takes place between a newsman and his source. According to documents in the possession of the Office of Prosecutor General, Mestre and Giraldo were both guests at Cali's Intercontinental Hotel on several occasions, two of which were 9 June and 6 August of last year. Although for all intents and purposes, it is no crime for two persons to stay at the same hotel, this case involves more than a mere coincidence.

First of all, the investigation revealed that Mestre and Giraldo did not have to worry about paying for their stay at the hotel. Their bills were lumped together in a single account which Investment Ara, Ltd. maintains with the Intercontinental. As SEMANA revealed in its preceding issue, the company is a front for the Cali Cartel, and its main shareholders are Miguel Rodriguez Orejuela, his wife Amparo Arbelaez, and their three children.

The second coincidence is that on those same dates, attorneys Juan Fernandez Carrasquilla and Servio Tulio Ruiz, acknowledged as the main legal counsels for brothers Miguel and Gilberto Rodriguez Orejuela, stayed at the luxury hotel. The two attorneys' bills were also paid by Investments Ara, Ltd.

Another detail that struck the investigators and that the prosecutors have analyzed is the dates on which the four personalities stayed at Cali's Intercontinental Hotel. The first, 9 June, was 10 days before the second ballot of the presidential election. The second, 6 August, occurred one day before the nation's new president assumed office.

During his examination, Mestre Sarmiento explained that the two trips to Cali and his stay at the Intercontinental Hotel were in response to invitations he had received to give lectures and that he did not know who had paid his bills. He added that he never imagined that a company belonging to the Cali Cartel had underwritten his expenses.

Pallomari's Confession

This evidence is but a tiny sample of the voluminous file which the Prosecutor General's Office has on the former Liberal congressman. The probatory material gathered by this accusatory entity enabled the Prosecutor General's Office to determine that a close relationship involving both friendship and business existed between Mestre and the Cali Cartel. These investigators have no doubt whatsoever that, along with Giraldo, Mestre is "the main public relations figure for the Cali Cartel dealing with Colombian politicians."

It is not just because of the minibar tab and bill for lodgings at the Intercontinental Hotel that Mestre is now behind bars. SEMANA has ascertained that there is far more. Another important piece of evidence in the hands of the Prosecutor's Office is the existence of at least seven checks made out to Mestre by La Loma Agricultural Distributor, whose main shareholder, according to the Cali Chamber of Commerce Register, is Miguel Rodriguez Orejuela. All of the payments are for 5 million pesos a month and were made during the first six months of 1994.

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The existence of the checks was discovered by the Cali Joint Task Force on 8 July of last year, when the Accounting and Financial Consulting Firm of Guillermo Pallomari Gonzalez, aka "Reagan," was raided. Pallomari Gonzalez was captured during the raid. In a statement elicited by a faceless judge, Pallomari delivered the key to the Mestre Sarmiento-Cali Cartel relationship. In the statement, the man considered to be the Rodriguez Orejuelas' main financial adviser said that Eduardo Mestre had connections and ties with the cartel. He explained that he had the stubs of the checks made out to Mestre because "Don Miguel sends them to me so that I can review them."

Sources close to the investigation told SEMANA that during last Monday's questioning, the faceless prosecutor asked Mestre about Pallomari's statement. The former congressman let his nerves get the best of him and claimed that the checks were from the sale of an apartment, along with rugs, to Omar Perez, legal counsel to La Loma Agricultural Distributors.

Even though 2,000 pages of the Mestre file remain to be analyzed, evidence in the hands of the Prosecutor General's Office enable it to state that the former congressman got rich illegally thanks to his connections with the Cali Cartel. The prosecutors' analysis indicates that Mestre's illicit fortune now amounts to nearly 1 billion pesos. For his part, Mestre denied the charge, saying his monthly income is roughly 12 million pesos. Of that amount, 4.8 million come from his congressional pension. The remainder, he claims, is from consulting for financial firms in Europe and the United States. He gave the names of five foreign businesses to which he provides his services.

Search Through the Past

In order to prove that Mestre's illegal enrichment has been sustained since the mid 1980's, the faceless prosecutors decided to look at the Workers Bank episode. According to the record, in 1981, that loan institution, controlled by Gilberto Rodriguez Orejuela, granted Mestre a letter of credit worth 10 million pesos. It was used to buy shares in the Boyaca Financial Corporation, which early that year had been bought by Rodriguez Orejuela.

The investigation established that the letter of credit for 10 million pesos and requested by Mestre was paid to the Workers Bank by a number of drugstores owned by the Rodriguez Orejuelas, including Social Service, Seventh Drug, United Drug, Cresfor Laboratories, and Coodrogas. In order to cancel the debt to the drugstores, Mestre sold them a lot located near the Bucaramanga transport terminal owned by Urssn, Ltd., in which the former congressman was a partner.

The report describes the main elements which the Prosecutor General's Office has on the man who is the target of the most serious of the wave of charges set off two weeks by Prosecutor Alfonso Valdivieso. It is surprising that the main protagonist in all these episodes is an intelligent, structured person esteemed by everyone, not just in political circles, but social as well, however, as a result of his arrest, Mestre has become a symbol of what Colombians once accepted but now reject. Although his relationship with the Rodriguez Orejuela brothers was publicly known, Mestre succeeded in becoming a congressman and diplomat and even came close to being elected to the Presidency.

As he himself confessed in an interview a few years ago, Mestre's dream was to be president. It has become obvious that because of his connections with the Cali Cartel, that aspiration is no longer possible. Nevertheless, Mestre is facing far more serious problems than the fulfillment of his dreams. He is being held at La Modela Prison, virtually protected by an arrest warrant. As the columnist D'Artagnan pointed out, Mestre has received criminal treatment never extended to figures with such lengthy records as "Popeye," "Osito," et al.

In the days ahead, the Prosecutor General's Office must hand down an official ruling on the issue, but beyond the decision of the courts, at least one verdict is already known: a verdict that puts an end to Eduardo Mestre's public career and which, in addition to being a symbol of purification and a great political scandal, contains a great personal tragedy.

Ecuador

'Alleged Peruvian Spies' To Face Ecuadoran Court Martial

PA1105001395 Madrid EFE in Spanish 2059 GMT 10 May 95

[FBIS Translated Excerpt] Quito, 10 May (EFE) — Five alleged Peruvian spies will face an Ecuadoran court martial next week. This was announced in Quito today, just hours after Peru reported that two Ecuadorans had been sentenced to 18 years in prison for the same crime.

General Jaime Ortiz, president of Ecuador's Military Court of Justice, announced to his country in a televised broadcast that the Peruvians charged with this crime are Edgar Johnny Seminario Cavedas, Jose Manuel Timan Sandoval, Jose Antonio Meza Salinas, Jose Rojano Gonzalez Alarcon, and Percy Raul Chavarria Leiva.

All five were arrested in mid-April, one and one-half months after the armed hostilities between the two countries ended. The Peruvian and Ecuadoran armies clashed in an undelimited area along their common

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Amazonian border in an undeclared war that lasted from 26 January to 28 February.

According to Ecuadoran authorities, the International Red Cross' efforts to obtain a prisoner exchange failed to bear fruit because the Peruvian side did not respond to it.

The five Peruvians — it is not known whether they are civilians or military personnel — are currently facing preliminary proceedings in the Andean city of Cuenca, 440 km south of Quito. The preliminary proceedings should conclude this week. From here, according to the Ecuadoran Military Criminal Procedures Code, the Peruvians being held in the Cuenca Garrison will face a court martial.

Acquittal or conviction will be announced later by the Military Court of Justice, according to the National Security Law that has been in force in Ecuador since the state of emergency was declared at the beginning of the armed conflict.

The Ecuadoran authorities reiterated today that two other Ecuadoran Army recruits (soldiers who are not professionals) have remained under arrest in Peru since 18 March, when they were lured into Peruvian territory "with tricks." Likewise, two Peruvian professional soldiers were arrested on Monday, when they "pretended to be merchants" in the border city of Huaquillas. [passage omitted]

Government Reports Border Clash Incident With Peru

PA1005161095 Madrid EFE in Spanish 1347 GMT 10 May 95

[FBIS Translated Text] Quito, 10 May (EFE) — The Ecuadoran Government confirmed today that a clash took place yesterday with Peruvian troops on an Amazon border strip that both countries are disputing, just as the troop demobilization in the area of conflict is being completed. "No one is denying that a clash has occurred. We will supply more information later on what happened," Defense Ministry spokesman Colonel Alberto Molina told EFE.

Carlos Larreategui, secretary general of public administration, speaking in an interview with the Ecuadoran television station "Tele-Amazonas," said that "Ecuador and its forces responded to an attack and an infiltration. This is part and parcel of an ongoing (peace) process and thus vulnerable to this kind of incident."

"We regret that this happened, but Ecuador will definitely stand firm. Ecuador will not tolerate incursions or attacks on its national sovereignty, or that the peace agreement celebrated by the two countries not be respected," he added. "We believe, nevertheless, that the (peace) process is being consolidated. We hope that these incidents cease," Larreategui said after insisting that "Ecuador will remain absolutely firm, on guard, and will ensure that its rights are respected, rights it has historically enjoyed and rights derived from the formal and serious agreements signed with Peru." "These are stumbling blocks to the (peace) work, much like the statements by the Peruvian president, but this must be overcome with serenity and clarity," the secretary of administration said in reference referring to recent statements on the border quarrel by Peruvian President Alberto Fujimori.

In statements to a Peruvian radio station, Fujimori gave assurances last week that he would not discuss the conflict with his Ecuadoran colleague Sixto Duran-Ballen.

"We are convinced that we must forge ahead with the peace process. We will resolve this and any other conflicts with good judgment, serenity, and firmness," underscored Larreategui.

Ecuadoran and Peruvian troops are now demobilizing in the conflict zone, which is the fourth stage of the peace process under the watchful eyes of an international mission.

The two countries have been fighting since 1942 over 70 km of unmarked common Amazon border, following the signing of the Rio de Janeiro Protocol, which set the boundaries of Ecuador and Peru, and was concluded under the aegis of Argentina, Brazil, Chile, and the United States.

Although the Defense Ministry has not yet supplied details on yesterday's clashes, "Tele-Amazonas" reported that a Peruvian soldier was killed when a Peruvian patrol attacked the Ecuadoran post called Lieutenant Hugo Ortiz. "Ecuadoran soldiers repelled with fire the Peruvian incursion into our territory. The attack took place at about 1300 (1800 GMT)," the television station reported.

Meanwhile, Lima authorities claim that a Peruvian solder was killed in an attack an Ecuadoran patrol that "infiltrated" Peruvian territory. According to Peru, the Ecuadoran patrol attacked the Peruvian watch post of Checheiza between 1730 and 1830 GMT yesterday and was repelled "immediately with rifle fire by our troops."

[Paris AFP in Spanish at 1524 GMT on 10 May, in a 200-word report datelined Quito, notes: "The Joint Command of the Ecuadoran Armed Forces informed Wednesday that they had no deaths to report in their ranks as a result of the incident with Peruvian soldiers near the Teniente Ortiz military detachment yesterday.

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The incident altered the peace process between the two countries, which held an armed conflict earlier this year.

["'The clash took place on a trail named "Global," which links the military detachments of Teniente Ortiz and Etza, while surveillance operations were being conducted inside the national territory. The presence of the Peruvian troops was detected in the vicinity of the detachments,' a military communique, delivered to AFP, stated.

["'The incident, which tarnishes the peace process now in the final phase of troop demobilization in the areas not disputed during the last conflict, was immediately reported to the general, who is the chief of the observer mission,' added the communique. The military command notes that 'it hopes this type of incident in common border areas between the two countries, located outside the conflict area, will be overcome for the benefit of the peace process.'"]

Army Issues Bulletin

PA1005200595 Quito Voz de los Andes in Spanish 1700 GMT 10 May 95

[Official Bulletin No. 41 issued by the Joint Command of the Ecuadoran Armed Forces on 10 May; place not given; from "The Voz Andes Newscast"]

[FBIS Translated Text] A clash between Ecuadoran and Peruvian troops occurred at 1240 on 9 May on the Global trail linking Teniente Hugo Ortiz and Etza Military Detachments during surveillance operations within the national territory. The presence of Peruvian troops was detected in the vicinity of the detachments.

The incident, which tarnishes the peace process now in its final phase of troop demobilization from areas not disputed during the recent conflict, was immediately reported to the general who is the chief of the observer mission and who through Memorandum 81-95 of 9 May called on both parties to maintain the goodwill and understanding demonstrated during the peace process and stipulated that the forces of both countries should withdraw to their respective surveillance posts. The latter was immediately heeded by the Ecuadoran patrol, which returned to the Teniente Ortiz Detachment.

No casualties were reported among our ranks during the incident.

Two Peruvian soldiers were arrested in the area of Huaquillas at 0930 on 8 May after being caught smuggling basic staples into our territory. The arrested soldiers are: Paiva Quispe, Gerardo and Ciesniegas Campos, Daniel.

The International Red Cross has been informed about this matter so that the proper steps may be taken for their repatriation.

The Joint Command of the Armed Forces hopes this type of incident on the common border between the two countries, located outside the conflict area, will be overcome for the benefit of the peace process to which the governments of the two countries have a responsibility with the determined participation of the guarantor countries.

Paraguay

Finance Minister Discusses Economic Liberalization Policy

PY1005232495 Asuncion ULTIMA HORA in Spanish 10 May 95 p 24

[FBIS Translated Text] Finance Minister Orlando Bareiro has said that our country is $300 million behind in the servicing of the foreign debt. The minister added that the government is trying to reverse the situation by implementing President Juan Carlos Wasmosy's economic program.

The minister yesterday gave a lecture to members of Asuncion's Financial Club at the Excelsior Hotel. He said the public sector has a consolidated deficit, which would have been much larger with a directed and discriminatory multiple foreign exchange regime such as the one we had in the past. "The productive structure was too dependent on soybean and cotton production. We are trying to change that. At the beginning of our administration we were behind with the debt, our level of reserves was low, and interest rates were negative," the minister said.

Bareiro added that the reform began with a financial deregulation that included the liberalization of interest rates, the elimination of directed credit portfolios, the gradual reduction of the level of required bank deposits at the Central Bank [BCP], the elimination of rediscounts for nonmonetary purposes, the elaboration of bonds to account for the internal debt of the public administration with the BCP, and a reduction of public companies' deposits at the Central Bank.

Commercial Opening

The minister spoke about the economy's commercial opening through deregulation, the reduction of tariffs, and the elimination of taxes on exports in order to promote our insertion into Mercosur [Common Market of the South]. The minister said the approval of the GATT-WTO [World Trade Organization] agreement

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and the decision to grant incentives for the export of non-traditional products also have the same purpose.

The minister stressed the importance of the new Tax Law (125/91), which established a new order in the tax system and has simplified programs. The law contemplates more equitable taxes and a more efficient administration. "We are going out into the streets looking for new mechanisms to increase our tax collections," the minister said.

Peru

Peruvian Soldier Killed by Ecuadoran Patrol

PY1005130895 Madrid EFE in Spanish 0413 GMT 10 May 95

[FBIS Translated Excerpt] Lima, 9 May (EFE) — In an official communique, the 6th Military Region Command of Peru has reported that one Peruvian soldier was killed today by an Ecuadoran patrol that "infiltrated" Peruvian territory.

The communique states that the Ecuadoran patrol attacked the Peruvian watch post of Checheiza between 1230 and 1300 local time (1730 and 1830 GMT) on 9 May, and was "immediately repelled with gunfire by our troops." It adds that the attacked area is located northeast of the zone where the mission of observers of the guarantor countries — Argentina, Brazil, Chile, and the United States — is carrying out its mission. It adds that the dead soldier was identified as Wilmer Sanchez Gacho, and that the number of casualties among the Ecuadoran forces is not known.

The communique concludes by saying that the military forces of the Ecuador-Peru Military Observers Mission (Momep) were informed "in due time." [passage omitted]

Two Army Soldiers Abducted by Ecuadoran Intelligence

PY0905183195 Lima Radio Programas del Peru Network in Spanish 1700 GMT 9 May 95

[FBIS Translated Text] Two Peruvian soldiers have been abducted by Ecuadoran intelligence service elements who entered Peruvian territory camouflaged as a group of workers.

Sources from the Tumbes Infantry Division reported that the abducted soldiers are Gerardo Paiva Quispe and Daniel Cisniegos Campos, born in Aguas Verdes and Chiclayo, respectively.

The Peruvian consulate in the Ecuadoran town of Machala and the Army board are carrying out the appropriate negotiations to rescue the abducted solders.

Two Ecuadorans Sentence for Spying

PY1005195795 Lima Radio Programas del Peru Network in Spanish 1700 GMT 10 May 95

[FBIS Translated Excerpt] The military court has just sentenced two Ecuadoran Army agents of the reserve to 18 years in prison and ordered them to pay 150,000 new soles for spying. The sentence was announced moments ago. It says that Jose Felix Yaguaje Jaimito, 32, and Victor Yanguy Machoa, 34, are sentenced to 18 years each for spying. The sentence will be fulfilled on 1 March 2013 at the Simon Bolivar garrison where former Faucett Airlines President Alfredo Zanatti is also held in custody.

Dr. German Marsall, the lawyer of the Ecuadoran agents, said he will appeal the sentence within the next few days at the Supreme Military Court Council. [passage omitted]

Guyana

Power Company Head Resigns Over Conflict With Jagan

FL1105002495 Bridgetown CANA in English 1958 GMT 10 May 95

[FBIS Transcribed Text] Georgetown, Guyana, May 10, CANA — General manager of the Guyana Electricity Company (GEC), Peter King, on Tuesday resigned his post over differences with the Jagan administration about management of the state-owned entity, a high-level company source said Wednesday. This is the third time a GEC general manager has resigned since the Jagan administration took office in 1992. King's resignation takes effect May 17.

The GEC source told CANA King was particularly peeved that government seemed reluctant to put in place a high-level management team agreed on between the the Inter-American Development Bank (IDB) and the Guyana Government.

The independent STABROEK NEWS daily reported Wednesday that controversial chairman of the GEC board, Raymond "Rambo" Gaskin, asked for and received British-born King's resignation during a stormy board meeting. The GEC chairman suggested that King was not spending enough time in the field. He said that the top power executive was in his office during a recent visit by President Cheddi Jagan to a town west of the capital on the Guyana Esequibo coast to commission a new power plant acquired by the GEC. Guyana's lone power company, ailing for more than a decade, has forced the Cheddi Jagan administration to seek external funding.

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Since general elections in 1992, the GEC has seen the backs of two other general managers, Steve Bovell and Archibald Macdonald, the latter being brought to Guyana by the government from England to fill the post. In addition, the GEC has changed four chairmen since 1992.

Contacted by CANA, Prime Minister Sam Hinds, who has responsiblity for the power sector and who had himself fired one of the corporation's chairmen, declined to comment on the situation. Chairman of the corporation, Gaskin, also refused to comment.

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